

***United States Court of Appeals
for the Second Circuit***



**APPELLEE'S
APPENDIX**

Docket
No. **76-1232**

In The
United States Court of Appeals
For the Second Circuit

B
P/S

UNITED STATES OF AMERICA,

Appellee,

— against —

W. BALDWIN DROMS,

Appellant.

Appeal From The United States District Court For The
Northern District of New York

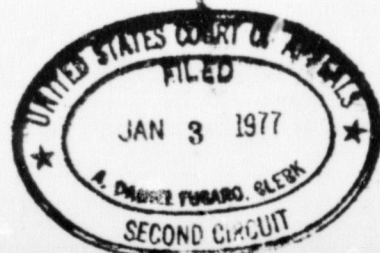
APPENDIX FOR APPELLEE

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1
INDICTMENT

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF NEW YORK

BEST COPY AVAILABLE

UNITED STATES OF AMERICA

vs.

Cr. No. 75-CR-57

W. BALDWIN BROOKS

(VIO: Title 26,
U.S.C., Section 7212(1))

COUNT I

THE GRAND JURY CHARGES:

That on or about the 26th day of April, 1969, in the State and Northern District of New York, W. BALDWIN BROOKS, the defendant herein, a resident of Scotia, New York, did wilfully and knowingly make and subscribe a Statement of Financial Condition and Other Information - Form 433, which was verified by a written declaration that it was made under the penalties of perjury and was filed with the Internal Revenue Service, which said Statement of Financial Condition and Other Information - Form 433 the defendant herein, W. BALDWIN BROOKS, did not believe to be true and correct as to every material matter in that the said Statement of Financial Condition and Other Information - Form 433 was false as to the following material matters in that it represented that:

The gross income of W. BALDWIN BROOKS, the defendant herein, for the 1968 tax year was \$6,000.00, and further represented that:

W. BALDWIN BROOKS, the defendant herein, did not disposed of an asset which at the time of disposition had a cost in excess of \$500.00, for less than the full value of such asset, during the time period contemplated by the said Statement

INDICTMENT

of Financial Condition and Other Information - Form 433 and the accompanying Offer In Compromise - Form 656, whereas, as W. BALDWIN DROMS, the defendant herein, then and there well knew and believed, that:

He had received substantial income in addition to the \$6,600.00 heretofore stated, and whereas, as W. BALDWIN DROMS, the defendant herein, then and there well knew and believed that:

Within the said period of time contemplated by the said Statement of Financial Condition and Other Information - Form 433 and the accompanying Offer In Compromise - Form 656, he, W. BALDWIN DROMS, the defendant herein, had in fact acquired an asset, to wit, the corporation known as Prestige Realty of the Capital District Corporation, on or about November 1, 1968, at a cost of \$10,000.00 and immediately thereafter on or about November 2, 1968, he disposed of said asset, which at the time of disposition had a value in excess of \$500.00, by transferring all title to said asset to another for less than full value.

In violation of Section 7206(1), Internal Revenue Code; Title 26, United States Code, Section 7206(1).

A TRUE BILL

FORDMAN

UNITED STATES ATTORNEY

APPELLANT'S NOTICE OF MOTION.

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA

vs.

W. BALDWIN DROMS

Cr. No. 75-CR-47

SIR:

PLEASE TAKE NOTICE that upon the indictment of the above-entitled action, Numbered 75-CR-47, upon the annexed affidavit of Thomas E. DiLorenzo, Esq., one of the attorneys for the defendant, W. Baldwin Droms, and upon all prior papers and proceedings had herein, the undersigned will move this Court at a Term for Criminal Motions to be held on the _____ day of _____, 1975, at the Federal District Court House in the City of Albany, New York, at _____ o'clock in the _____ noon of that day, or as soon thereafter as counsel may be heard for an Order:

1. Dismissing the indictment as against defendant, W. Baldwin Droms;
2. Granting defendant, W. Baldwin Droms, a Bill of Particulars pursuant to Rule 7(f), of the Federal Rules of Criminal Procedure;
3. Permitting the defendant, W. Baldwin Droms, to inspect and copy or photograph any written or recorded statements or confessions made by defendant, W. Baldwin Droms, pursuant to Rule 16(a), Federal Rules of Criminal Procedure;
4. Permitting the defendant, W. Baldwin Droms, to inspect and copy or photograph any books, papers and documents executed by the defendant or pertaining to the defendant and executed by others which are within the possession, custody or control of the Government pursuant to Rule 16(b), Federal Rules of Criminal Procedure;

APPELLANT'S NOTICE OF MOTION

5. Granting to defendant, W. Baldwin Drons, any and all information exculpatory or relevant to the preparation of his defense in the possession or under the control of the Government;

6. The statements of all persons who have been interviewed by an agent of the United States in connection with the subject matter of this case and whom the Government does not presently intend to call at trial;

7. The memoranda or summaries of any oral statement made to an agent of the United States by any person in connection with the subject matter of this case whether or not

(a). The statement is in writing, has been signed or approved by the witness,

(b). The statement relates to the proposed subject matter of the direct testimony of the witness at trial;

8. The stenographic recording or transcription of any oral statement made by any person to an agent of the United States in connection with the subject matter of this case;

9. The statement of persons or memoranda or recordings or any oral statement of any person, whether or not made to an agent of the United States, if said statement is involved with the subject matter of this case;

10. The names and addresses of all persons who have some knowledge of the facts of the present case;

11. A summary reflecting the criminal records of all persons the United States intends to call at trial;

12. All Reports and memoranda prepared on behalf of the United States or otherwise in connection with the investigation of this case,

APPELLANT'S NOTICE OF MOTION.

also any and all F.B.I. reports or findings;

13. A copy of the recorded testimony of every witness who testified before the Grand Jury which handed up the indictment in this matter, and if said testimony was not stenographically recorded or transcribed, a statement of the general content of the testimony before said Grand Jury;

14. Granting to the defendant, W. Baldwin Droms, continuing discovery pursuant to Rule 16(g), Federal Rules of Criminal Procedure;

15. Ordering a Pre-Trial Conference of this matter pursuant to Rule 17.1, Federal Rules of Criminal Procedure, and for such other, further and different relief as to the Court may seem just and proper.

DATED:
May 14, 1975

PARISI, DE LORENZO, GORDON & PASQUARIELLO
Attorneys for Defendant
Office & P.O. Address
201 Mott Terrace
Schenectady, New York 12307

TO: JAMES M. SULLIVAN, JR., ESQ.
United States Attorney
Northern District of New York
U. S. Court House & Post Office
Albany, New York 12207

AFFIDAVIT OF THOMAS E. DeLORENZO, ESQ.

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA

-against-

W. BALDWIN DROMS

Indictment No. 75-CR-47

Thomas E. DeLorenzo, Esq., being duly sworn, deposes and says:

1. That he is an attorney at law duly admitted to practice before the Courts of the State of New York and the Federal Courts contained therein, and is a member of the law firm of Parisi, DeLorenzo, Gordon & Pasquariello, 201 Nott Terrace, Schenectady, New York.
2. That your deponent is one of the attorneys for the defendant, W. Baldwin Droms, in the above entitled criminal action, and is fully familiar with all the facts and circumstances that pertain to said indictment.
3. That upon a full review of all the circumstances that contribute to the charge contained in count one of the subject indictment, it is difficult to perceive why the defendant was charged as set forth in the indictment; that a review of the Statement of Financial Condition and other Information - Form 433 and the Offer in Compromise - Form 656, along with the defendant's income tax forms for the year in question, reveals that the figures entered and sworn to on Form 433 were entered by inadvertance and mistake and not willfully and knowingly as is set forth in the charge; that it is difficult to perceive why the defendant would report and pay \$1,469.00 income tax with six exemptions on a total gross income of \$6,600.00.

AFFIDAVIT OF THOMAS E. DeLORENZO, ESQ.

4. That it is evident that the defendant's income listed on Form 433 and Form 656 was solely the amount reported at number "5" of the defendant's Federal Income Tax Form 1040; it is difficult to believe that the entry of the \$6,600.00 figure could be anything more than an oversight on the part of the defendant or the individual preparers of the defendant's Form 1040, Form 433 and Form 656.

5. That for the foregoing reason, the subject indictment should be dismissed.

6. That pursuant to Rule 7(f), Federal Rules of Criminal Procedure, and upon the annexed demand of the defendant, W. Baldwin Droms, the Court should grant to the defendant a Bill of Particulars; that a Bill of Particulars is needed to further enlarge and clarify the subject indictment, which is very briefly stated; that the items requested do not require the prosecution to divulge any evidentiary details; that there are numerous case authorities which would indicate that the filing of a Bill of Particulars is required in this instance (see, for example, U.S. v. Genstil, 205 F. Supp. 604; U.S. v. Delle, 122 F. Supp. 923; U.S. v. Anderson, 254 F. Supp. 177; U.S. v. Rosenfeld, 254 F. Supp. 790).

7. That Rule 16(a), Federal Rules of Criminal Procedure, requires the disclosure of any written or recorded statements or confessions made by the defendant so long as said statements are relevant to the charge in issue; that any statements obtained from the defendant, relating to the charge, would of necessity be relevant; that any conversations with any employees of the Internal Revenue Service that were memorialized in any way, including notes, minutes, recorded or written statements,

AFFIDAVIT OF THOMAS E. DeLORENZO, ESQ.

would of necessity be required to be disclosed (U.S. v. Kageyama, 252 F. Supp. 284); that further, the summaries of any statements made by the defendant are discoverable even in the event that said statement became a part of a report issued by the Internal Revenue Service to the United States Attorney (U.S. v. Garrett, 305 F. Supp. 257).

8. That pursuant to Rule 16(b), Federal Rules of Criminal Procedure, the defendant is entitled to discovery of any and all papers, documents and books that are necessary and material to the preparation of his defense; that included within the scope of this subdivision would be any documents executed by the defendant which are in the custody and control of the prosecution; these items would consist of, but not be limited to, the subject Forms 433, 656 and 1040; also within the purview of this subdivision, and the case law interpreting its direction, would be any books, papers and documents that were executed by persons other than the defendant that relate to the affairs of the defendant as they pertain to the subject indictment; that any documents received from others, including government witnesses, would fall within the purview of this provision (see, for example, U.S. v. Fancher, 135 F. Supp. 440, U.S. v. Bennethum, 21 F.R.D. 227) .

9. Following the landmark decision in Brady v. Maryland, 373 U.S. 83, the Courts have broadly construed its mandate; that any exculpatory information that would be material to the defendant's defense, and necessary thereto, is generally ordered produced by the prosecution; furthermore, this mandate has also been extended to include the ordering of the names and addresses of witnesses that would aid in the defendant's

AFFIDAVIT OF THOMAS E. DeLORENZO, ESQ.

defense or be able to testify to exculpatory matters (U.S. v. Quinn, 364 F. Supp. 432).

10. The statements of any persons interviewed by the prosecution, that relate to the defense of the charge contained herein, which persons are not to be called as government witnesses at the trial of the subject indictment, are a proper subject of discovery; that the statements of persons not to be called at trial are not encompassed within Rule 16(b) and said statements may be discovered as ordered under the inherent discretion of the Court (see, for example, U.S. v. Marshak, 364 F. Supp. 1005).

11. That although the information requested in item "7" of the attached Notice of Motion may more properly be revealed to the defense under 18 U.S.C. Section 3500, the Court, within its discretion, and relying upon its inherent power to facilitate the just resolution of a criminal matter, may order that said materials, including the Grand Jury testimony of any witnesses, be properly ordered revealed to the defense; further, the request for information at item "8" and "9" in the attached Notice of Motion should be ordered in either the inherent discretion of the Court, or under the principle set forth requesting discovery of statements of persons not to be called as witnesses in a trial of the subject indictment (see, U.S. v. Marshak, supra).

12. The names and addresses of perspective witnesses, or of any persons that have knowledge of the facts of the present case, is a proper element and subject of discovery under Rule 16(b), Federal Rules of Criminal Procedure, in that invariably said names and addresses are material and necessary to an adequate preparation of one's defense

AFFIDAVIT OF THOMAS E. DeLORENZO, ESQ.

(U.S. v. Barnes 486 F. 2d 776); furthermore, the principle of non-disclosure of witnesses' names and address is defeated by a sufficient showing that said information is material and necessary to the preparation of the defense (U.S. v. Barnett 418 F. 2d 309); contrary to some holdings, the fact that the instant case is not a capital case does not prohibit the Court from ordering the same treatment in a non-capital case; the Court is further justified in ordering discovery of the witnesses' names and addresses, in a case such as this where no harm or coercion would result; the same principle would allow the ordering of the production of the criminal records of proposed witnesses well in advance of trial (U.S. v. Mocerri, 359 F. Supp. 431).

13. The information requested at "12" and "13" of the accompanying Notice of Motion may be ordered if the Court is of the opinion that the discovery of said items would facilitate the disposition of the instant indictment; no case authority is needed to show that the Grand Jury testimony which prompted the Grand Jury to handup the subject indictment, is material and necessary to an adequate defense preparation; likewise, any investigative report prepared by any government agency would be necessary to the adequate preparation of the defense.

WHEREFORE, your deponent respectfully requests that the Court grant the relief requested in the Notice of Motion, attached hereto, and grant such other, further and different relief as to the Court may seem just and proper.

Sworn to before me
this 14th day of
May, 1975.

Notary Public
NOTARY PUBLIC

Thomas E. DeLorenzo
T.E.D.

DEMAND FOR BILL OF PARTICULARS.

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA

vs.

W. BALDWIN DROMS

*
*
*
* C. No. 75-CR-47

SIR:

PLEASE TAKE NOTICE that the defendant, W. Baldwin Droms, herewith demands the following particulars pertaining to the Indictment:

With regard to Count One of the Indictment:

1. In what way the defendant knowingly and wilfully subscribed said Statement of Financial Condition and other Information - Form 133 in a false manner.
2. In what ways the defendant had reason to believe that said information subscribed in such Statement, as referred to above, was not true.
3. Of what value was the asset that is referred to in Paragraph "3" of Count One of the subject Indictment.
4. In what way the defendant, W. Baldwin Droms, knew and believed that he had received income in excess of \$6,600.00 in the subject year.
5. In what manner said asset was disposed of as referred to in Paragraph "5" of the subject Indictment.
6. To whom was said asset transferred as referred to in Paragraph "5" of the subject Indictment.

DEMAND FOR BILL OF PARTICULARS.

7. For what amount was said asset transferred as referred to in Paragraph "5" of the subject Indictment.

DATED: May 14, 1975

Yours, etc.

PARISI, DE LORENZO, GORDON & PASQUARIELLO
Attorneys for Defendant
Office & P. O. Address
201 Nott Terrace
Schenectady, New York 12307

TO: JAMES M. SULLIVAN, JR.
United States Attorney
Northern District of New York
U. S. Court House & Post Office
Albany, New York 12207

AFFIDAVIT OF THOMAS P. O'SULLIVAN IN RE-
SPONSE AND OPPOSITION TO DEFENDANT'S
MOTIONS FOR DISMISSAL OF INDICTMENT; A BILL
OF PARTICULARS AND DISCOVERY.

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA

vs.

W. BALDWIN DROMS

Cr. No. 75-CR-47

STATE OF NEW YORK) SS:
COUNTY OF ALBANY)

THOMAS P. O'SULLIVAN, being duly sworn, deposes and says:

1. That he is an Assistant United States Attorney for the Northern District of New York and knows the contents of the file in this office as the same pertains to the above.

2. That this affidavit is submitted in response to defendant's Omnibus Motion for dismissal of the indictment; a bill of particulars; discovery and a pre-trial conference.

3. The response of the United States will be set forth in a manner corresponding to the enumeration given each specific request in the defendant's motion.

RESPONSE

1. Dismissal of the Indictment.

The basis for dismissal of the indictment is not clear from the supporting affidavit of the defense, which simply alleges that the defendant mistakenly understated his income. That would be a defense to the charge, if proved, but hardly a sufficient reason for dismissal of the indictment. It should suffice to say that the Grand Jury did not believe that it was an oversight.

The only possible basis for the dismissal of the indictment raised by the supporting affidavit is the implied allegation that the indictment was based upon insufficient evidence.

AFFIDAVIT OF THOMAS P. O'SULLIVAN IN RE-
SPONSE AND OPPOSITION TO DEFENDANT'S
MOTIONS FOR DISMISSAL OF INDICTMENT; A BILL
OF PARTICULARS AND DISCOVERY.

However, Criminal Indictment number 75-CR-47 was regularly returned by the federal Grand Jury, United States District Court for the Northern District of New York on April 23, 1975, and an Indictment regularly returned is presumed to be valid. The burden of overcoming the presumption of validity is on the defendant. United States v. Cohen, 113 F.Supp. 955 (S.D.N.Y. 1953). Unsupported claims as to the sufficiency of the Indictment do not warrant dismissal not shift the burden of persuasion as to the sufficiency of the Indictment to the prosecution. United States v. Greenbey,^{RC} 204 F.Supp. 400 (D.C.N.Y., 1962).

Moreover, it should be noted that the Indictment charges that the Statement of Financial Condition and Other Information - Form 433 was false with respect to another material matter and the motion to dismiss is silent with respect to that matter, which by itself would be sufficient basis for Indictment.

It is therefore respectfully submitted that the motion to dismiss the Indictment should be denied.

2. Bill of Particulars.

The Government has substantially complied with the request for a bill of particulars. See Attachment "A".

3. The Government will comply with defendant's request under Item (3).

4. The Government will comply with defendant's request under Item (4) pursuant to Rule 16(b), but requests that the

AFFIDAVIT OF THOMAS P. O'SULLIVAN IN RE-
SPONSE AND OPPOSITION TO DEFENDANT'S
MOTIONS FOR DISMISSAL OF INDICTMENT; A BILL
OF PARTICULARS AND DISCOVERY.

Court order the defendant to permit the Government to inspect and copy or photograph any books, papers, and documents which are within the possession, custody and control of the defendant, pursuant to Rule 16(c), to include but not be limited to:

(a) The work papers of the accountant, Anthony DiSorbo, during the time he was the accountant for Prestige Realty of the Capital District Corporation and the accountant for the defendant, which the defendant or his present accountant now possess, which is material to the Government's case in that they are necessary to reconstruct the accountant's method of determining the defendant's income for the year 1968.

(b) The "Payroll Book" of the Prestige Realty of the Capital District Corporation for the years 1967 through 1969, now believed to be in the possession of the defendant or his present accountant, which is material to the Government's case in that it reflects the salary payments made to the defendant.

(c) Any evidence of loans made to the defendant by Martha Spoor, and/or any evidence of contributions made to Prestige Realty of the Capital District Corporation by Martha Spoor, which is material to the Government's case in determining the consideration given for the transfer of the asset.

5. The undersigned affiant asserts that he has reviewed the statements of potential Government witnesses and has concluded that there is no exculpatory material.

6., 7., 8., and 9. The defendant is not entitled to the information requested under Items 6., 7., 8., and 9. Such information is not within the contemplation of discoverable material under Rule 16 of the Federal Rules of Criminal Procedure.

AFFIDAVIT OF THOMAS P. O'SULLIVAN IN RESPONSE AND OPPOSITION TO DEFENDANT'S MOTIONS FOR DISMISSAL OF INDICTMENT; A BILL OF PARTICULARS AND DISCOVERY.

The requests are too broad and vague and compliance would be extremely burdensome. Moreover, there is no showing that such information is material or relevant so as to be necessary to the preparation of the defense. Any material and relevant matters encompassed by the broad scope of the requests would be "Jenk's Act" material under 18, U.S.C., 3500 which will be provided at the proper time.

10. The defendant is not entitled to a witness list, but the Government will supply the names and addresses of those persons reflected in the Government's case file who may have some knowledge of the case.

11. It is presently not known who will be called at trial or whether they have a criminal record. However, the Government will request an F.B.I. records check on potential witnesses and make that available to the defense.

12. The material requested under Item (12) is specifically not discoverable under Rule 16 of the Federal Rules of Criminal Procedure.

13. The defendant is not entitled to the Grand Jury testimony. Inspection of the transcript of testimony before the Grand Jury will be granted only after a clear showing of the necessity therefor. United States v. Tane, 29 F.R.D. 131 (D.C.N.Y. 1962). There has been no showing of necessity here. The Grand Jury testimony of witnesses who will testify at trial is provided for under Title 18, U.S.C., Section 3500. The Government, however, will provide the transcript of testimony before the Grand Jury at a reasonable time before trial when it

AFFIDAVIT OF THOMAS P. O'SULLIVAN IN RE-
SPONSE AND OPPOSITION TO DEFENDANT'S
MOTIONS FOR DISMISSAL OF INDICTMENT; A BILL
OF PARTICULARS AND DISCOVERY.

becomes available to the Government.

14. The Government will provide any discoverable material it subsequently acquires.

15. The Government does not see any need for a pre-trial conference in view of the discovery now being provided by the Government.

Thomas P. O'Sullivan
THOMAS P. O'SULLIVAN

Sworn to before me this
17th day of May, 1975.

Sandra Schillinger Haker
Notary Public
SANDRA SCHILLINGER HAKER
Notary Public, State of New York
Qualified in Tennessee County
Commission Expires March 30, 1976

Attachment A - Bill of Particulars
attached to O'Sullivan Affidavit.

BILL OF PARTICULARS

1. The elements of knowingly and wilfully are patently evidentiary in nature, and the prosecution theory with respect to the proof of such elements need not be divulged in a bill of particulars, the purpose of which is to sufficiently identify the offense charged to prevent a possible second prosecution for the same offense, and to sufficiently apprise the defendant of the charge against him in order to prepare his defense. Tinkoff v. United States, 86 F.2d 868 (7th Cir. 1936), cert. denied, 301 U.S. 689, rehearing denied, 301 U.S. 715; United States v. O'Connor, 237 F.2d 466 (2nd Cir. 1956). It is not a function of a bill of particulars to force a disclosure of the Government's evidence in advance of trial. United States v. Kushner, 135 F.2d 668 (2nd Cir. 1943), cert. denied, 320 U.S. 212, rehearing denied, 320 U.S. 808.

The Indictment is precise as to time, place, the specific document falsified, and as to the material matter the defendant knew to be false when he subscribed to the document, so as to exclude the possibility of a second prosecution for the same offense, and is sufficiently precise to apprise the defendant of the charge against him to enable him to prepare a defense and avoid surprise at trial.

However, in the interest of expediting this case for trial, the Government will more specifically set out the charge specified in the Indictment, although it is doubtful that any further specification will add anything to the present knowledge of the defendant.

*Attachment A - Bill of Particulars
attached to O'Sullivan Affidavit.*

The Government alleges that the defendant knew that his gross income for the year 1968 was substantially in excess of \$6,600. when he supplied that information to the individual who prepared the Statement of Financial Condition and Other Information - Form 433, which he subscribed under the penalties of perjury on or about the 28th day of April, 1969, since he knew from his experience in the previous year, and from his practice of using corporate funds for his personal obligations, that he would be charged with constructive commission income substantially in excess of the salary income which he reported as his only income. Moreover, on the date that he subscribed to the form he knew that his income as reflected on his tax return for the year 1968 was substantially in excess of \$6,600. gross income he reported on Form 433, since he subscribed his tax return Form 1040 on April 15, 1969, just thirteen days prior to subscribing to the Statement of Financial Condition and Other Information on April 28, 1969. In addition and as further proof of knowledge the Government alleges that he deliberately understated his actual disbursements under Item 22B of Form - 433 to conform to the understated gross income he reported on the Statement of Financial Condition and Other Information - Form 433.

The Government further alleges that the defendant knew when he reported to the preparer of the Statement of Financial Condition and Other Information - Form 433 that he had not disposed of an asset with a cost in excess of \$500. for less than full value during the taxable period covered by his offer of compromise, that in fact on or about November 1, 1968, he had acquired the corporation known as Prestige Realty of the Capital District Corporation, at a cost of \$10,000., and that on or about

*Attachment A -- Bill of Particulars
attached to O'Sullivan Affidavit.*

November 2, 1968, he transferred all of the stock he had just acquired in the corporation, i.e., 100% of the corporation's stock to one Martha Spoor, for less than full value. The consideration received by the defendant is best known by the defendant himself, but as best as the Government can determine the transfer was allegedly made in consideration of prior loans made to the defendant by Martha Spoor, the aggregated value of which does not allegedly exceed \$5,000., however, it is not clear what the value of the loans, if any, were in fact.

2. The information requested under Item (2) simply restates the request made under Item (1), and is similarly evidentiary in nature. The response made to Item (1) is therefore a sufficient response to the request under Item (2).

Moreover, the defendant, himself, is in the best position to know his true income and whether or not he disposed of an asset, and as the person who supplied the information reported on the Statement of Financial Condition and Other Information - Form 433 to the preparer of said form he was in the best position to know the truth or falsity of what he reported.

3. The cost of said asset was \$10,000., which is considerably in excess of \$500., and it is sufficient to allege that its value exceeds \$500. Its actual value, as is the actual value of any similar asset is a matter of controversy, but it is sufficient to allege that its value at the time of transfer was at least its cost, which is the value given to it by the defendant.

*Attachment A - Bill of Particulars
attached to O'Sullivan Affidavit.*

- 111 -

4., 5., 6., and 7. Have been sufficiently responded to under Item (1) of the responses, although they are matters peculiarly within the knowledge available to the defendant.

12

W BALDWIN DROMS
1177 IROQUOIS PATH
SCOTIA NY 12302
379-1166
074 03 1531

1401-00-99
INACTIVE-DIM
7/8/68

NOX PENALTY
BALDWIN DROMS INC
1177 IROQUOIS PATH
SCOTIA NY 12302
7784
4232

Number
14 654087 10100

Payroll Deduction Part Post Agreement
PP-

Notice of Lien Date Filed Lien Fee
7-23-68 \$3.00

Assessment Date 1st Notice Date
Mo Day Yr Mo Day Yr
4 4 68 4 4 68

Cars of Tax	Period	Mo.	Day	Yr	Debits	Credits
WT	65 09 66 06	3	27	68P	19,247 49	

Unpaid Balance
Accrued Interest From

19,247 49

Date Paid To
11-21-68 5770.00 1551.00 18,202.66 2952.00

TDA Matched 4

U.S. Treasury Department—Internal Revenue Service
TX 69 (Rev. 10-65) Part 2

(OVER)

TAXPAYER DELINQUENT ACCOUNT

Date	Action Taken	Date	Action Taken
7/1/72	Book: Dr. Lett Brown and the family The school not allowed yet. The C. Miller expected. The children of the family not yet they should be returned to the school grounds 11 and 120 for		
7/13/72	40 -		
7/24/72	R. Buckle school - sent 7 of course by the school		

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**GOVERNMENT EXHIBIT 2 — Offer in Compromise with
Documents attached, dated 8-29-68.**

FORM 656 REV. 7-57	U. S. TREASURY DEPARTMENT • INTERNAL REVENUE SERVICE OFFER IN COMPROMISE	To be filed in duplicate with District Director
NAME(S) AND ADDRESS OF TAXPAYER(S): <div style="text-align: right; font-size: 1.2em; margin-right: 50px;"> <i>Rejected 2-6-69</i> </div> W. Baldwin Droms 1177 Iroquois Path Scotia, New York		
TO: COMMISSIONER OF INTERNAL REVENUE Through the District Director		DATE: August 26, 1968
1. This offer is submitted by the undersigned to compromise a liability resulting from alleged pay an internal revenue liability as follows: See Attached (State specifically the violation of law involved and/or the kind and total amount of unpaid tax, ad valorem penalty and any assessed interest by periods and each period involved)		FOR USE OF DISTRICT DIRECTOR INDICATE WHETHER OFFER IS - (Check applicable box) <input type="checkbox"/> CASH (Paid in full) <input type="checkbox"/> DEFERRED PAYMENT AMOUNT PAID: <i>ACC</i>
2. The total sum of \$ 200.00 paid in full or payable on the deferred payment basis as follows 1/: (See footnote 1/ on reverse)		SERIAL NUMBER: 440000025000 (Cashier's stamp) <div style="border: 2px solid black; padding: 5px; text-align: center;"> GOVERNMENT EXHIBIT <i>Rec'd 8/26/68</i> </div>
together with interest at the rate of 6 percent per annum on the deferred payments, if any, from the date the offer is accepted until the respective payments are made in full, is hereby tendered voluntarily with the request that it be accepted in compromise of the above described liability plus any accrued interest on the liability covered by this offer of the taxpayer aforesaid. 3. In making this offer, and as a part consideration thereof, the proponent agrees (a) that all payments and other credits heretofore made to the account(s) for the period(s) covered by this offer shall be retained by the United States; and (b) that any and all amounts of money to which the proponent may be entitled under the internal revenue laws, due through overpayments of any tax or other liability, including interest and penalties, made for periods ending prior to or during the calendar year in which this offer is accepted, are not in excess of the difference between the liability sought to be compromised and the amount herein offered, shall also be retained by the United States. Any such refund received after the filing of this offer will be returned immediately to the office of the District Director. 4. It is further agreed that upon notice to the proponent of the acceptance of this offer in compromise of the liability aforesaid, the proponent shall have no right to contest in court or otherwise the amount of the liability sought to be compromised; and that in the event this offer is a deferred payment offer and there is a default in payment of any installment, (a) principal or interest due under the terms of the offer, the Commissioner of Internal Revenue (or his delegate), at his option, (a) may proceed immediately by suit to collect the entire unpaid balance of the offer, or (b) may proceed immediately by suit to collect as liquidated damages an amount equal to the liability sought to be compromised, minus any deposits already received under the terms of the offer in compromise, with interest on the unpaid balance at the rate of 6 percent per annum from the date of default, or (c) may disregard the amount of such offer and apply all amounts previously deposited thereunder against the amount of the liability sought to be compromised and may, without further notice of any kind, assess and/or collect by levy or suit the balance of such liability, the right of appeal to the Tax Court of the United States and the restrictions against assessment and/or collection being hereby waived. 5. The following facts and reasons are submitted as grounds for acceptance of this offer: <div style="text-align: center; border: 1px solid black; padding: 5px; margin: 10px 0;"> Taxpayer has no assets with which to pay this assessment. </div> (If space is insufficient attach supporting statement) 6. The undersigned proponent waives the benefit of any statute of limitations applicable to the assessment and/or collection of the liability sought to be compromised, and agrees to the suspension of the running of the statutory period of limitations on assessment and/or collection for the period during which this offer is pending, or the period during which any installment remains unpaid, and for 1 year thereafter. 7. It is understood that this offer will be considered and acted upon in due course and that it does not afford relief from the liability sought to be compromised unless and until it is actually accepted in writing by the Commissioner or his duly authorized representative, and the terms of the offer have been fully complied with.		
Waiver of statutory period of limitations is hereby accepted by the undersigned:		I declare under the penalties of perjury that this offer (including any accompanying schedules and statements) has been examined by me and to the best of my knowledge and belief is true and correct.
DISTRICT DIRECTOR OF INTERNAL REVENUE (Enter name) <i>Donald T. Hartley</i> Donald T. Hartley		SIGNATURE(S) OF PROPONENT(S) <i>W. Baldwin Droms</i>
BY (Signature and title) <i>Richard M. Hickey</i> Richard M. Hickey Chief Special Procedures		DATE 8-29-68

LIABILITY INCURRED BY (List taxpayers included under same Account No.) <i>W. BALDWIN DREMS</i> <i>1177 TROQUAIS RD</i> <i>SCOTIA, N.Y.</i>		KIND OF LIABILITY (Complete description) <i>100% PENALTY - INC OF FICA WITHHOLDING</i> <i>F 941 INABILITY TO PAY</i>	
DATE NOTICE OF LIEN FILED <i>See Special Branch</i>		PLACE NOTICE OF LIEN FILED <i>See Special Branch</i>	
WERE ASSETS PLEDGED AS SECURITY? (If "Yes," attach complete information) <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO		FOR OFFERS INVOLVING DELINQUENCY PENALTIES ONLY PERIOD(S) INVOLVED AND DATE(S) RETURN(S) FILED <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	

TAX PERIOD (a)	(1) ACCOUNT NUMBER (2) ASSESSMENT DATE (b)	DEBITED (Enter Codes P - Penalty In - Interest) (c)	CREDITED		PD CR AB (f)	(1) BALANCE DUE (2) DATE OF FIRST NOTICE (g)
			AMOUNT (d)	DATE (e)		
			SEE ATTACHED DOCUMENTS			

REMARKS

I certify that the foregoing information regarding the accounts of the taxpayer(s) named above is true and complete for the tax(es) specified and the period(s) stated and that all assessments and payments of tax, penalty and interest, and all abatements, credits, and refunds relating thereto as disclosed by the records of this office are shown herein.

17/ If this offer is paid in full at the time it is filed with the District Director no entries should be made in this space. If this is a deferred payment offer show in this space (a) the amount deposited at the time of filing this offer (b) any amounts deposited on prior offers, which are applied on this offer (c) the amount of each deferred payment and the date on which each payment is to be made (d) the date subsequent to the date of filing of offer including deferred payments payable upon notice of acceptance, constitute deferred payments.)

DISTRICT DIRECTOR OF INTERNAL REVENUE (Enter name)

BY (Signature and title)

George Perkins, Dec. 21

**GOVERNMENT EXHIBIT 2 — Offer in Compromise with
Documents attached, dated 8-29-68.**

U. S. Department of the Treasury Internal Revenue Service		100% PENALTY 23C 4 5 68 9 65-6 66 BALDWIN DROMS INC 1177 IROQUOIS PATH SCOTIA NY		17 APR 4 1968
ACCOUNT CARD W BALDWIN DROMS 1177 IROQUOIS PATH SCOTIA NY 12302		074 03 1531 14 654087 10100 <small>Document Locator Number</small>		2749 941
REF AND DATE	DEBIT	CREDIT	BALANCE	
MAR 27'68P	19,247.49		19,247.49*	
<small>(Continue postings on reverse)</small>				

TX 52 REV 7-65 PART 1

**GOVERNMENT EXHIBIT 2 — Offer in Compromise with
Documents attached, dated 8-29-68.**

FORM 433 <small>(REVISED 1-1963)</small>		U. S. TREASURY DEPARTMENT — INTERNAL REVENUE SERVICE STATEMENT OF FINANCIAL CONDITION AND OTHER INFORMATION <small>(To be filed in duplicate with offer in compromise)</small>	
<small>Submit information requested herein with your offer in compromise, if offer is based wholly or partly on inability to pay the liability. Assistance in preparation of the statement may be secured from a representative of the Office of the District Director of Internal Revenue or your tax advisor. It is important that all applicable questions be answered fully. The careful filling out of this form will expedite the consideration of your offer.</small>			
1A. NAME OF TAXPAYER W. Baldwin Droms		1B. SOC. SEC. NO. 074-03-1531	2A. NAME OF REPRESENTATIVE, IF ANY Louis Lombardi & Daniel Ertel
1C. BUSINESS ADDRESS 1011 State St., Schenectady, N. Y.		1D. BUS. TEL. -	2B. ADDRESS AND TELEPHONE NUMBER 34 Jay Street Schenectady, N. Y. 572-3383
1E. HOME ADDRESS 1177 Iroquois Path, Scotia, N. Y.		1F. HOME TEL. 399-1166	
3. If proponent is not taxpayer			
3A. NAME OF PROPONENT		3B. ADDRESS OF PROPONENT	3C. RELATIONSHIP TO TAXPAYER <small>(partner, president, father, etc.)</small>
4. Class of tax	Taxable period	Amount offered	Unpaid liability
4A.			
4B.			
4C.			
4D.			
4E.			
5. Due and unpaid federal taxes (Except those covered by this offer in compromise)			
CLASS OF TAX	TAXABLE PERIOD	UNPAID LIABILITY	
5A.			
5B.			
5C.			
6. List names of banks and other financial institutions you have done business with at any time during past 3 years.			
NAME AND ADDRESS		NAME AND ADDRESS	
6A. Mohawk National		6B. State Street, Schenectady, N. Y.	
6C. Schenectady Trust		6D. State Street, Schenectady, N. Y.	
6E. DO YOU RENT A SAFETY DEPOSIT BOX IN YOUR NAME OR IN ANY OTHER NAME? (If "yes" give name and address of bank) <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO			
7. If income withholding or employment tax involved, complete 7a thru 7f inclusive			
7A. WERE THE EMPLOYEES' INCOME WITHHOLDING OR EMPLOYMENT TAXES (due from employees on wages received by them with respect to employment) DEDUCTED OR WITHHELD FROM THE WAGES PAID DURING ANY PERIOD MENTIONED ABOVE? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO			
7B. IF SO, WAS SUCH TAX PAID TO THE DISTRICT DIRECTOR OF INTERNAL REVENUE? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO		7C. IF DEDUCTED BUT NOT PAID OVER, WHAT DISPOSITION WAS MADE OF THE AMOUNTS DEDUCTED? Used to pay Business obligations	
7D. HAS BUSINESS IN WHICH YOU INCURRED SUCH TAXES BEEN DISCONTINUED? Yes			7E. IF DISCONTINUED, WHEN? (Date) 1966
7F. WHAT DISPOSITION WAS MADE OF ASSETS OF DISCONTINUED BUSINESS? Creditors			
8. Offer filed by individual			
8A. NAME OF SPOUSE Margaret D. Droms		8B. AGE OF SPOUSE 45	8C. AGE OF TAXPAYER 51
8D. DEPENDENT CHILDREN OR RELATIVES		RELATIONSHIP	
(1)	Warren David	Son	
(2)	Sharlene	Daughter	
(3)	Jeffrey	Son	
(4)	Stephanie	Daughter	
(5)			
(6)			
(7)			

**GOVERNMENT EXHIBIT 2 — Offer in Compromise with
Documents attached, dated 8-29-68.**

Furnish your most recent financial statement setting forth in separate columns the cost, fair market value, and estimated forced sale value of each asset. List all assets directly or indirectly owned and disclose all interests in estates, trusts, and other property rights, including contingent interests and remainders.

9. Statement of assets and liabilities		STATEMENT IS AS OF (Date)	
9A. ASSETS	COST *	FAIR MARKET VALUE	FORCED SALE VALUE
(1) CASH	\$ -0-	\$ -0-	\$ -0-
(2) CASH SURRENDER VALUE OF INSURANCE (See item 10)	-0-	-0-	-0-
(3) ACCOUNTS RECEIVABLE (See item 12A)	-0-	-0-	-0-
(4) NOTES RECEIVABLE (See item 12B)	-0-	-0-	-0-
(5) MERCHANDISE INVENTORY (See item 13)	-0-	-0-	-0-
(6) REAL ESTATE (See item 14)	20,000	26,000	25,000
(7) FURNITURE AND FIXTURES (See item 15)	4,000	3,000	500
(8) MACHINERY AND EQUIPMENT (See item 15)	-0-	-0-	-0-
(9) TRUCKS AND DELIVERY EQUIPMENT (See item 16)	-0-	-0-	-0-
(10) AUTOMOBILES (See item 16)	-0-	-0-	-0-
(11) SECURITIES (See item 17)	-0-	-0-	-0-
(12)			
(13)			
(14)			
(15)			
(16)			
(17)			
(18)			
(19)			
(20)			
(21)			
(22)			
(23)			
(24)			
(25)			
(26)			
(27) Total assets	\$	\$	\$
9B. LIABILITIES	AMOUNT		
(1) LOANS ON INSURANCE (See items 10 & 11)	\$ 25,000		
(2) ACCOUNTS PAYABLE	-0-		
(3) NOTES PAYABLE	2,000		
(4) MORTGAGES (See item 14)	22,000		
(5) ACCRUED REAL ESTATE TAXES (See item 14)	1,000		
(6) JUDGMENTS (See item 18)	-0-		
(7) RESERVES (Itemize)	-0-		
(8)			
(9)			
(10)			
(11)			
(12)			
(13)			
(14)			
(15)			
(16)			
(17)			
(18)			
(19)			
(20)			
(21)			
(22) Total liabilities	\$		

* (Less depreciation, if any)

**GOVERNMENT EXHIBIT 2 — Offer in Compromise with
Documents attached, dated 8-29-68.**

10. Life insurance policies now in force with right to change beneficiary reserved

NUMBER OF POLICY	NAME OF COMPANY	AMOUNT OF POLICY	PRESENT CASH SUR-RENDER VALUE PLUS ACCUMULATED DIVIDENDS	POLICY LOAN	DATE MADE	AUTOMATIC PREMIUM PAYMENTS*	DATE MADE
10A.		\$	\$	\$		\$	
10B.							
10C.							
10D.							
10E.							
10F.							
10G.							
10H.							
10I.							
10J.							

*If only those made prior to date notice of levy was served on the insurance company.

11. Life insurance policies assigned or pledged on indebtedness

If any of the policies listed in item 10 above are assigned or pledged on indebtedness, (except with insurance companies) give the following information with respect to each policy.

NO. OF POLICY ASSIGNED OR PLEDGED	NAME AND ADDRESS OF PLEDGER OR ASSIGNEE	AMOUNT OF INDEBTEDNESS	DATE PLEDGED OR ASSIGNED
11A.		\$	
11B.	-0-		
11C.			
11D.			
11E.			
11F.			
11G.			

12. Accounts and notes receivable

NAME	COST	FORCED SALE VALUE	AMOUNT OF INDEBTEDNESS IF PLEDGED	DATE PLEDGED
12A. ACCOUNTS RECEIVABLE				
(1)	\$	\$	\$	
(2)	-0-			
(3)				
(4)				
(5)				
(6)				
(7)				
(8)				
(9)				
(10)				
(11)				
(12) Total	\$	\$	\$	
12B. NOTES RECEIVABLE				
(1)	\$	\$	\$	
(2)	-0-			
(3)				
(4)				
(5)				
(6)				
(7)				
(8)				
(9)				
(10)				
(11) Total	\$	\$	\$	

**GOVERNMENT EXHIBIT 2 — Offer in Compromise with
Documents attached, dated 8-29-68.**

13. Merchandise inventory					
DESCRIPTION	COST	FAIR MARKET VALUE	FORCED SALE VALUE	AMOUNT OF INDEBTEDNESS IF PLEDGED	DATE PLEDGED
13A. RAW MATERIAL	\$ -0-	\$	\$	\$	
13B. WORK IN PROGRESS					
13C. FINISHED GOODS					
13D. SUPPLIES					
13E. OTHER (Specify)					
13F. Total	\$	\$	\$	\$	

14. Real estate					
DESCRIPTION	COST*	FORCED SALE VALUE	BALANCE DUE ON MORTGAGE	DATE MORTGAGE RECORDED	UNPAID INTEREST AND TAXES
14A. Split Level - Residence	\$ 20,000.	\$ 25,000.	\$ 22,000.	1959	\$ 1,000.
14B.					
14C.					
14D.					
14E.					
14F.					
14G.					
14H.					
14I. Total	\$	\$	\$		\$

15. Furniture and fixtures - Machinery and equipment					
DESCRIPTION	COST*	FORCED SALE VALUE	AMOUNT OF INDEBTEDNESS IF PLEDGED	DATE PLEDGED	
15A. FURNITURE AND FIXTURES (Business)	\$	\$	\$		
15B. FURNITURE (Household residence)					
15C. MACHINERY (Show type etc., specify)					
15D.					
15E.					
15F.					
15G. EQUIPMENT (Except trucks and automobiles - specify)					
15H.					
15I.					
15J.					
15K. Total	\$	\$	\$		

16. Trucks and automobiles					
DESCRIPTION	COST*	FORCED SALE VALUE	AMOUNT OF INDEBTEDNESS IF PLEDGED	DATE PLEDGED	
16A. TRUCKS	\$	\$	\$		
16B.	-0-				
16C.					
16D.					
16E.					
16F.					
16G. AUTOMOBILES (Personal or used in business)					
16H.					
16I.					
16J.					
16K.					
16L.					
16M. Total	\$	\$	\$		

*Less depreciation, if any

**GOVERNMENT EXHIBIT 2 -- Offer in Compromise with
Documents attached, dated 8-29-68.**

17. Securities (bonds, stocks, etc.)

	NAME OF COMPANY	NO. OF UNITS	COST	FORCED SALE VALUE	AMOUNT OF INDEBTEDNESS IF PLEDGED	DATE PLEDGED
17A.	Hotel Van Curler		\$ 1,000.	\$ -0-	\$	
17B.						
17C.						
17D.						
17E.						
17F.						
17G.						
17H.						
17I.	Total		\$ 1,000.	\$ -0-	\$	

18. Judgments

	NAME OF CREDITOR	AMT. OF JUDGMENT	DATE RECORDED	WHERE RECORDED
18A.		\$		
18B.				
18C.				
18D.				
18E.	Total	\$ -0-		

19. Statement of income - Corporation

IMPORTANT: If corporation submits offer in compromise, furnish information requested below from income tax returns, as adjusted, for past 2 years and from records for current year from January 1 to date.

19A. GROSS INCOME	19	19	JAN. 1 TO	19
(1) GROSS SALES OR RECEIPTS (less returns and allowances)	\$ -0-	\$ -0-	\$	
(2) COST OF GOODS SOLD				
(3) GROSS PROFIT-TRADING OR MANUFACTURING				
(4) GROSS PROFIT-FROM OTHER SOURCES				
(5) INTEREST INCOME				
(6) RENTS AND ROYALTIES				
(7) GAINS & LOSSES (From Sched. D)				
(8) DIVIDENDS				
(9) OTHER INCOME (Specify)				
(10) Total income	\$	\$	\$	
19B. DEDUCTIONS				
(1) COMPENSATION OF OFFICERS	\$ -0-	\$ -0-	\$	
(2) SALARIES & WAGES (Not deducted elsewhere)				
(3) RENTS				
(4) REPAIRS				
(5) BAD DEBTS				
(6) INTEREST				
(7) TAXES				
(8) LOSSES				
(9) DIVIDENDS				
(10) DEPRECIATION AND DEPLETION				
(11) CONTRIBUTIONS				
(12) ADVERTISING				
(13) OTHER DEDUCTIONS (Specify)				
(14)				
(15) Total deductions	\$	\$	\$	
19C. Net income (loss)	\$	\$	\$	
19D. Nontaxable income	\$	\$	\$	
19E. Unallowable deductions	\$	\$	\$	

**GOVERNMENT EXHIBIT 2 — Offer in Compromise with
Documents attached, dated 8-29-68.**

20. Salaries paid to principal officers and dividends distributed — Corporation

IMPORTANT: If corporation submits offer in compromise, show SALARIES paid to principal officers FOR PAST 3 YEARS and AMOUNTS DISTRIBUTED in dividends, if any, DURING AND SINCE THE TAXABLE YEARS COVERED BY THIS OFFER.

20A. SALARIES PAID TO (Name and Title)		1966	1967	1968
(1)	PRESIDENT	\$ -0-	\$	\$
(2)	VICE PRESIDENT			
(3)	TREASURER			
(4)				
(5)				
(6)				
(7)	Total	\$	\$	\$

20B. YEAR	DIVIDEND PAID	YEAR	DIVIDEND PAID	YEAR	DIVIDEND PAID
(1)	\$	(7)	\$	(13)	\$
(2)		(8)		(14)	
(3)		(9)		(15)	
(4)		(10)		(16)	
(5)		(11)		(17)	
(6)	Total	(12)	Total	(18)	Total

21. Statement of income — Individual

IMPORTANT: If individual or estate submits offer in compromise, furnish information requested below from income tax returns as adjusted for PAST 3 YEARS.

21A. GROSS INCOME	1966	1967
(1) SALARIES, WAGES, COMMISSIONS	\$ -0-	\$ 7,200.
(2) DIVIDENDS		
(3) INTEREST		
(4) INCOME FROM BUSINESS OR PROFESSION		
(5) PARTNERSHIP INCOME		
(6) GAINS OR LOSSES (From Sched. D, Form 1040)		
(7) ANNUITIES AND PENSIONS		
(8) RENTS AND ROYALTIES		
(9) INCOME FROM ESTATES AND TRUSTS		
(10)		
(11)		
(12)		
(13)		
(14)		
(15) Total income	\$ -0-	\$ 7,200.

21B. DEDUCTIONS	1966	1967
(1) CONTRIBUTIONS	\$ -0-	\$
(2) INTEREST PAID		
(3) TAXES PAID		
(4) LOSSES BY FIRE, STORM, ETC.		
(5) MEDICAL EXPENSES		
(6) BAD DEBTS		
(7)		
(8)		
(9)		
(10)		
(11)		
(12) Total deductions	\$ -0-	\$

21C. Net income (loss)	\$ -0-	\$
21D. Nontaxable income	\$ -0-	\$
21E. Unallowable deductions	\$ -0-	\$

FROM

10

If offer in compromise is submitted by an individual or on behalf of an estate furnish below a complete analysis of receipts and disbursements for the past 12 months.

DESCRIPTION	SOURCE FROM WHICH RECEIVED	AMOUNT
(1) SALARY		\$
(2) COMMISSIONS	Prestige Realty	7,200.00
(3) BUSINESS OR PROFESSION		
(4) DIVIDENDS		
(5) INTEREST RECEIVED		
(6) ANNUITIES OR PENSIONS		
(7) RENTS AND ROYALTIES		
(8) SALE OF ASSETS (Net Amt. Rec'd)		
(9) AMOUNTS BORROWED		
(10)		
(11)		
(12)		
(13)		
(14)		
(15)		
(16)		
(17)		
(18)		

22B. DISBURSEMENTS

	DESCRIPTION	AMOUNT
(1)	DEBT REDUCTION	\$
(2)	INTEREST PAID	740.00
(3)	FEDERAL TAXES	550.00
(4)	OTHER TAXES Social Security	400.00
(5)	INSURANCE PREMIUMS	
(6)	MEDICAL EXPENSES	
(7)	AUTOMOBILE EXPENSE	950.00
(8)	SERVANTS WAGES	
(9)	LIVING EXPENSES (Itemize)	3,640.00
	Real Estate Taxes	578.00
	Miscellaneous	300.00
Total disbursements		\$ 7,158.00

Total disbursements	\$ 7,158.00
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**GOVERNMENT EXHIBIT 2 — Offer in Compromise with
Documents attached, dated 8-29-68.**

22. Disposal of assets — Have you disposed of any assets or property with a cost or fair market value at the time of sale, transfer, exchange, gift or other disposition in excess of \$500, except for full value, from the beginning of the taxable period covered by this offer in compromise to the present date?

☐ YES ☒ NO (If answer is "Yes" submit following information)

DESCRIPTION OF ASSET	DATE OF TRANSFER	FAIR MARKET VALUE WHEN TRANSFERRED	CONSIDERATION RECEIVED	RELATIONSHIP OF TRANSFEREE TO TAXPAYER
		\$	\$	

24. Interest in or beneficiary of estate or trust — Have you any life interest or remainder interest, either vested or contingent in any trust or estate, or are you a beneficiary of any trust?

☐ YES ☒ NO (If "Yes," furnish copy of instrument creating trust or estate — Also give the following information)

NAME OF TRUST OR ESTATE	PRESENT VALUE OF ASSETS	VALUE OF YOUR INTEREST	ANNUAL INCOME RECEIVED FROM THIS SOURCE
	\$	\$	\$

25. Grantor, donor, trustee or fiduciary — Are you the grantor or donor of any trust, or the trustee or fiduciary for any trust? ☐ YES

☒ NO (If "Yes," submit copy of instrument creating trust. Also give value of corpus of trust at present time and any other information pertinent to your case.)

26. Any other assets or interests in assets — Have you any other assets or an interest in assets either actual or contingent, other than those listed herein?

☐ YES ☒ NO (If "Yes," describe such assets fully)

27A. ARE FORECLOSURE PROCEEDINGS PENDING AT THE PRESENT TIME ON ANY REAL ESTATE WHICH YOU OWN OR HAVE AN INTEREST IN?

☒ NO

27B. IF "YES," GIVE LOCATION OF REAL ESTATE.

27C. WAS THE GOVERNMENT MADE A PARTY TO THE SUIT?

☐ YES

☒ NO

28A. ARE BANKRUPTCY OR RECEIVERSHIP PROCEEDINGS PENDING?

☐ YES

☒ NO

28B. IF A CORPORATION, IS IT IN PROCESS OF LIQUIDATION?

☐ YES

☐ NO

29. If sum offered in compromise is borrowed money, give name and address of lender and list collateral, if any, pledged to secure the loan.

Prestige Realty
M. Kolakowski
1011 State Street, Schenectady, N.Y.

-Collateral-
Advance on Commissions.

30. Prospect of increase in value of assets or in present income (Give general statement).

31. Affidavit

Under the penalties of perjury I (We) declare that the foregoing statements and information are true and complete to the best of my (our) knowledge and belief and that I (we) have no assets (owned either directly or indirectly) or income of any nature other than as set forth herein.

31A. FOREGOING STATEMENT IS AS OF (Date) _____

31B. SIGNATURE _____

**GOVERNMENT EXHIBIT 3 - Offer in Compromise with
Documents attached, dated 5-14-69.**

FORM 656 (REV. 7-57)	U. S. TREASURY DEPARTMENT - INTERNAL REVENUE SERVICE OFFER IN COMPROMISE	To be filed in duplicate with District Director
NAME(S) AND ADDRESS OF TAXPAYER(S) W. Baldwin Droms 1177 Iroquois Path Scotia, New York		
<div style="border: 1px solid black; padding: 5px; display: inline-block;"> GOVERNMENT EXHIBIT <i>Rec'd 4/20/69</i> <i>3-1-69 id</i> </div>		
TO COMMISSIONER OF INTERNAL REVENUE Through the District Director		FOR USE OF DISTRICT DIRECTOR SERIAL NUMBER: <i>155-155001</i> (Cashier's stamp) <i>094-03-15</i> RECEIVED
DATE March, 1969		INDICATE WHETHER OFFER IS - (Check applic- able box) <input type="checkbox"/> CASH (Paid in full) <input checked="" type="checkbox"/> DEFERRED PAYMENT AMOUNT PAID \$ <i>100.00</i>
<p>1. This offer is submitted by the undersigned to compromise a liability resulting from alleged violation(s) of law or failure to pay an internal revenue liability as follows: <u>100% penalty liability plus statutory additions incurred for D.C.E., (State specifically the violation of law involved and/or the kind and total amount of \$29,247.49 plus accrued interest for the period failure as a responsible officer unpaid tax, ad valorem penalty and any assessed interest by periods and each period involved) D.C.E.</u></p> <p><u>officer of Baldwin Droms, 9/65 to 6/66 Inc. to collect, account for and pay over to the U.S. the income taxes and Federal Insurance Contributions Act taxes withheld from the wages of the employees of said Baldwin Droms, Inc. for the quarter annual periods ended September 30, 1965, March 31, 1966 and June 30, 1966.</u></p> <p>2. The total sum of \$ <u>200.00</u> paid in full or payable on the deferred payment basis as follows: <u>plus any collateral agreement negotiated at a future time D.C.E.</u></p> <p>together with interest at the rate of 6 percent per annum on the deferred payments, if any, from the date the offer is accepted until the respective payments are made in full, is hereby tendered voluntarily with the request that it be accepted in compromise of the above described liability (plus any accrued interest on the liability covered by this offer) of the taxpayer aforesaid.</p> <p>3. In making this offer, and as a part consideration thereof, the proponent agrees (a) that all payments and other credits heretofore made to the account(s) for the period(s) covered by this offer shall be retained by the United States; and (b) that any and all amounts of money to which the proponent may be entitled under the internal revenue laws, due through overpayments of any tax or other liability, including interest and penalties, made for periods ending prior to or during the calendar year in which this offer is accepted, are not in excess of the difference between the liability sought to be compromised and the amount herein offered, shall also be retained by the United States. Any such refund received after the filing of this offer will be returned immediately to the office of the District Director.</p> <p>4. It is further agreed that upon notice to the proponent of the acceptance of this offer in compromise of the liability aforesaid, the proponent shall have no right to contest in court or otherwise the amount of the liability sought to be compromised; and that in the event this offer is a deferred payment offer and there is a default in payment of any installment of principal or interest due under the terms of the offer, the Commissioner of Internal Revenue (or his delegate), at his option, (a) may proceed immediately by suit to collect the entire unpaid balance of the offer, or (b) may proceed immediately by suit to collect as liquidated damages an amount equal to the liability sought to be compromised, minus any deposits already received under the terms of the offer in compromise, with interest on the unpaid balance at the rate of 6 percent per annum from the date of default, or (c) may disregard the amount of such offer and apply all amounts previously deposited thereunder against the amount of the liability sought to be compromised and may, without further notice of any kind, assess and/or collect by levy or suit the balance of such liability, the right of appeal to the Tax Court of the United States and the restrictions against assessment and/or collection being hereby waived.</p> <p>5. The following facts and reasons are submitted as grounds for acceptance of this offer: <u>Taxpayer has no assets with which to pay this assessment.</u></p> <p>6. The undersigned proponent waives the benefit of any statute of limitations applicable to the assessment and/or collection of the liability sought to be compromised, and agrees to the suspension of the running of the statutory period of limitations on assessment and/or collection for the period during which this offer is pending, or the period during which any installment remains unpaid, and for 1 year thereafter.</p> <p>7. It is understood that this offer will be considered and acted upon in due course and that it does not afford relief from the liability sought to be compromised unless and until it is actually accepted in writing by the Commissioner or his duly authorized representative, and the terms of the offer have been fully complied with.</p>		
I declare under the penalties and perjury that this offer (including any accompanying schedules and statements) has been examined by me and to the best of my knowledge and belief is true and correct.		SIGNATURE(S) OF PROONENT(S) x <i>W. Baldwin Droms</i>
Waiver of statutory period of limitations is hereby accepted by the undersigned:		DATE 5-14-69
DISTRICT DIRECTOR OF INTERNAL REVENUE (Enter name) <i>Donald T. Hartley</i> Donald T. Hartley		BY (Signature and title) <i>Edward J. Myers</i> Edward J. Myers, Actg. Chief
Special Procedures Section		

1988 - D. C.

**GOVERNMENT EXHIBIT 3 - Offer in Compromise with
Documents attached, dated 5-14-69.**

U. S. Treasury Department
Internal Revenue Service

ACCOUNT CARD

W BALDWIN DROMS
1177 IROQUOIS PATH
SCOTIA NY 12302

100% FE-ELTY 17 APR 1969
230 4 5 68
12-65-66 BALDWIN DROMS
INC 1177 IROQUOIS PATH
SCOTIA NY

074 03 1531

14 654087 10100
Document Locator Number

2749

941

REF. AND DATE	DEBIT	CREDIT	BALANCE
MAR 27'68P	19,247.49		19,247.49*

(Continue postings

on reverse)

**GOVERNMENT EXHIBIT 3 — Offer in Compromise with
Documents attached, dated 5-14-69.**

FORM 433 (REV. SEPT. 1963)		U. S. TREASURY DEPARTMENT — INTERNAL REVENUE SERVICE STATEMENT OF FINANCIAL CONDITION AND OTHER INFORMATION (To be filed in duplicate with offer in compromise)	
Submit information requested herein with your offer in compromise, if offer is based wholly or partly on inability to pay the liability. Assistance in preparation of the statement may be secured from a representative of the Office of the District Director of Internal Revenue or your tax advisor. It is important that all applicable questions be answered fully. The careful filling out of this form will expedite the consideration of your offer.			
1A. NAME OF TAXPAYER W. Baldwin Droms		1B. SOC. SEC. NO. 074-03-1531	2A. NAME OF REPRESENTATIVE, IF ANY L. Lombardi and D. Ertel
1C. BUSINESS ADDRESS 1011 State Street, Sch'dy, N.Y.		1D. BUS. TEL.	2B. ADDRESS AND TELEPHONE NUMBER 34 Jay Street Schenectady, New York 372-3383
1E. HOME ADDRESS 1177 Iroquois Path, Scotia, N.Y.		1F. HOME TEL.	
3. If proponent is not taxpayer			
3A. NAME OF PROPONENT		3B. ADDRESS OF PROPONENT	3C. RELATIONSHIP TO TAXPAYER (partner, president, father, etc.)
4. Class of tax			
4A.	Taxable period	Amount offered	Unpaid liability
4B.			
4C.			
4D.			
4E.			
5. Due and unpaid federal taxes (Except those covered by this offer in compromise)			
CLASS OF TAX		TAXABLE PERIOD	UNPAID LIABILITY
5A.			
5B.			
5C.			
6. List names of banks and other financial institutions you have done business with at any time during past 3 years.			
NAME AND ADDRESS		NAME AND ADDRESS	
6A. Mohawk National		6B. State Street, Schenectady, N.Y.	
6C. Schenectady Trust		6D. State Street, Schenectady, N.Y.	
6E. DO YOU RENT A SAFETY DEPOSIT BOX IN YOUR NAME OR IN ANY OTHER NAME? (If "yes" give name and address of bank) <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO			
7. If income withholding or employment tax involved, complete 7a thru 7f inclusive			
7A. WERE THE EMPLOYEES' INCOME WITHHOLDING OR EMPLOYMENT TAXES (due from employers on wages received by them with respect to employment) DEDUCTED OR WITHHELD FROM THE WAGES PAID DURING ANY PERIOD MENTIONED ABOVE?			
7B. IF SO, WAS SUCH TAX PAID TO THE DISTRICT DIRECTOR OF INTERNAL REVENUE? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO		7C. IF DEDUCTED BUT NOT PAID OVER, WHAT DISPOSITION WAS MADE OF THE AMOUNTS DEDUCTED? Used to pay business obligations	
7D. HAS BUSINESS IN WHICH YOU INCURRED SUCH TAXES BEEN DISCONTINUED? Yes		7E. IF DISCONTINUED, WHEN? (Date) 1966	
7F. WHAT DISPOSITION WAS MADE OF ASSETS OF DISCONTINUED BUSINESS? Creditors			
8. Offer filed by individual			
8A. NAME OF SPOUSE Margaret D. Droms		8B. AGE OF SPOUSE 45	8C. AGE OF TAXPAYER 51
8D. DEPENDENT CHILDREN OR RELATIVES		RELATIONSHIP	
(1)	Warren David	Son	
(2)	Sharlene	Daughter	
(3)	Jeffrey	Son	
(4)	Stephanie	Daughter	
(5)			
(6)			
(7)			

**GOVERNMENT EXHIBIT 3 - Offer in Compromise with
Documents attached, dated 5-14-69**

Furnish your most recent financial statement setting forth in separate columns the cost, fair market value, and estimated forced sale value of each asset. List all assets directly or indirectly owned and disclose all interests in estates, trusts, and other property rights, including contingent interests and remainders.

9. Statement of assets and liabilities		STATEMENT IS AS OF (Date)	
9A. ASSETS	COST *	FAIR MARKET VALUE	FORCED SALE VALUE
(1) CASH	\$ -0-	\$ -0-	\$ -0-
(2) CASH SURRENDER VALUE OF INSURANCE (See item 10)	-0-	-0-	-0-
(3) ACCOUNTS RECEIVABLE (See item 12A)	-0-	-0-	-0-
(4) NOTES RECEIVABLE (See item 12B)	-0-	-0-	-0-
(5) MERCHANDISE INVENTORY (See item 13)	-0-	-0-	-0-
(6) REAL ESTATE (See item 14)	20,000	26,000	25,000
(7) FURNITURE AND FIXTURES (See item 15)	4,000	3,000	500
(8) MACHINERY AND EQUIPMENT (See item 15)	-0-	-0-	-0-
(9) TRUCKS AND DELIVERY EQUIPMENT (See item 16)	-0-	-0-	-0-
(10) AUTOMOBILES (See item 16)	-0-	-0-	-0-
(11) SECURITIES (See item 17)	-0-	-0-	-0-
(12)			
(13)			
(14)			
(15)			
(16)			
(17)			
(18)			
(19)			
(20)			
(21)			
(22)			
(23)			
(24)			
(25)			
(26)			
(27) Total assets	\$	\$	\$
9B. LIABILITIES	AMOUNT		
(1) LOANS ON INSURANCE (See items 10 & 11)	\$ 25,000		
(2) ACCOUNTS PAYABLE			
(3) NOTES PAYABLE	2,000		
(4) MORTGAGES (See item 14)	22,000		
(5) ACCRUED REAL ESTATE TAXES (See item 14)	1,000		
(6) JUDGMENTS (See item 18)			
(7) RESERVES (Itemize)			
(8)			
(9)			
(10)			
(11)			
(12)			
(13)			
(14)			
(15)			
(16)			
(17)			
(18)			
(19)			
(20)			
(21)			
(22) Total liabilities	\$		

*(Less depreciation, if any)

**GOVERNMENT EXHIBIT 3 — Offer in Compromise with
Documents attached, dated 5-14-69.**

10. Life insurance policies now in force with right of beneficiary reserved							
NUMBER OF POLICY	NAME OF COMPANY	AMOUNT OF POLICY	PRESENT CASH SUR- RENDER VALUE PLUS ACCUMU- LATED DIVIDENDS	POLICY LOAN	DATE MADE	AUTOMATIC PREMIUM PAYMENTS*	DATE MADE
10A.		\$	\$	\$		\$	
10B.							
10C.							
10D.							
10E.							
10F.							
10G.							
10H.							
10I.							
10J.							

*Show only those made prior to date notice of levy was served on the insurance company.

11. Life insurance policies assigned or pledged on indebtedness

If any of the policies listed in item 10 above are assigned or pledged on indebtedness, (except with insurance companies) give the following information with respect to each policy:

NO. OF POLICY AS- SIGNED OR PLEDGED	NAME AND ADDRESS OF PLEDGEE OR ASSIGNEE	AMOUNT OF INDEBTEDNESS	DATE PLEDGED OR ASSIGNED
11A.	-0-	\$	
11B.	-0-		
11C.	-0-		
11D.	-0-		
11E.	-0-		
11F.	-0-		
11G.	-0-		

12. Accounts and notes receivable

NAME	COST	FORCED SALE VALUE	AMOUNT OF INDEBT- EDNESS IF PLEDGED	DATE PLEDGED
12A. ACCOUNTS RECEIVABLE				
(1)	\$ -0-	\$	\$	
(2)	-0-			
(3)	-0-			
(4)	-0-			
(5)	-0-			
(6)	-0-			
(7)	-0-			
(8)	-0-			
(9)	-0-			
(10)	-0-			
(11)	-0-			
(12)	Total	\$	\$	
12B. NOTES RECEIVABLE				
(1)	\$ -0-	\$	\$	
(2)	-0-			
(3)	-0-			
(4)	-0-			
(5)	-0-			
(6)	-0-			
(7)	-0-			
(8)	-0-			
(9)	-0-			
(10)	-0-			
(11)	Total	\$	\$	

**GOVERNMENT EXHIBIT 3 - Offer in Compromise with
Documents attached, dated 5-14-69.**

13. Merchandise inventory					
DESCRIPTION	COST	FAIR MARKET VALUE	FORCED SALE VALUE	AMOUNT OF INDEBTEDNESS IF PLEDGED	DATE PLEDGED
13A. RAW MATERIAL	\$ -0-	\$	\$	\$	
13B. WORK IN PROGRESS	-0-				
13C. FINISHED GOODS	-0-				
13D. SUPPLIES	-0-				
13E. OTHER (Specify)	-0-				
13F. Total	\$ -0-	\$	\$	\$	

14. Real estate					
DESCRIPTION	COST*	FORCED SALE VALUE	BALANCE DUE ON MORTGAGE	DATE MORTGAGE RECORDED	UNPAID INTEREST AND TAXES
14A. Split level residence	\$ 20,000	\$ 25,000	\$ 22,000	1959	\$ 1,000
14B.					
14C.					
14D.					
14E.					
14F.					
14G.					
14H.					
14I. Total	\$	\$	\$		\$

15. Furniture and fixtures - Machinery and equipment					
DESCRIPTION	COST*	FORCED SALE VALUE	AMOUNT OF INDEBTEDNESS IF PLEDGED	DATE PLEDGED	
15A. FURNITURE AND FIXTURES (Business)	\$	\$	\$		
15B. FURNITURE (Household-residence)					
15C. MACHINERY (Show type etc., specify)					
15D.					
15E.					
15F.					
15G. EQUIPMENT (Except trucks and automobiles - specify)					
15H.					
15I.					
15J.					
15K. Total	\$	\$	\$		

16. Trucks and automobiles					
DESCRIPTION	COST*	FORCED SALE VALUE	AMOUNT OF INDEBTEDNESS IF PLEDGED	DATE PLEDGED	
16A. TRUCKS	\$ -0-	\$	\$		
16B.	-0-				
16C.	-0-				
16D.	-0-				
16E.	-0-				
16F.	-0-				
16G. AUTOMOBILES (Personal or used in business)	-0-				
16H.	-0-				
16I.	-0-				
16J.	-0-				
16K.	-0-				
16L.	-0-				
16M. Total	\$ -0-	\$	\$		

*(Less depreciation, if any)

**GOVERNMENT EXHIBIT 3 — Offer in Compromise with
Documents attached, dated 5-14-69.**

17. Securities (Bonds, stocks, etc.)

NAME OF COMPANY	NO. OF UNITS	COST	FORCED SALE VALUE	AMOUNT OF INDEBTEDNESS IF PLEDGED	DATE PLEDGED
17A. Hotel VanCurler		\$ 1000	\$ -0-	\$	
17B.					
17C.					
17D.					
17E.					
17F.					
17G.					
17H.					
17I. Total		\$ 1000	\$ -0-	\$	

18. Judgments

NAME OF CREDITOR	AMT OF JUDGMENT	DATE RECORDED	WHERE RECORDED
18A.	\$		
18B.			
18C.			
18D.			
18E. Total	\$ -0-		

19. Statement of Income — Corporation

IMPORTANT: If corporation submits offer in compromise, furnish information requested below from income tax returns, as adjusted, for past 2 years and from records for current year from January 1 to date.

19A. GROSS INCOME	19	19	JAN. 1 TO	19
(1) GROSS SALES OR RECEIPTS (less returns and allowances)	\$ -0-	\$ -0-	\$	
(2) COST OF GOODS SOLD	-0-	-0-		
(3) GROSS PROFIT—TRADING OR MANUFACTURING	-0-	-0-		
(4) GROSS PROFIT—FROM OTHER SOURCES	-0-	-0-		
(5) INTEREST INCOME	-0-	-0-		
(6) RENTS AND ROYALTIES	-0-	-0-		
(7) GAINS & LOSSES (From Sched. D)	-0-	-0-		
(8) DIVIDENDS	-0-	-0-		
(9) OTHER INCOME (Specify)	-0-	-0-		
(10) Total income	\$ -0-	\$ -0-	\$	
19B. DEDUCTIONS				
(1) COMPENSATION OF OFFICERS	\$ -0-	\$ -0-	\$	
(2) SALARIES & WAGES (Not deducted elsewhere)	-0-	-0-		
(3) RENTS	-0-	-0-		
(4) REPAIRS	-0-	-0-		
(5) BAD DEBTS	-0-	-0-		
(6) INTEREST	-0-	-0-		
(7) TAXES	-0-	-0-		
(8) LOSSES	-0-	-0-		
(9) DIVIDENDS	-0-	-0-		
(10) DEPRECIATION AND DEPLETION	-0-	-0-		
(11) CONTRIBUTIONS	-0-	-0-		
(12) ADVERTISING	-0-	-0-		
(13) OTHER DEDUCTIONS (Specify)	-0-	-0-		
(14)	-0-	-0-		
(15) Total deductions	\$ -0-	\$ -0-	\$	
19C. Net income (loss)	\$	\$	\$	
19D. Nontaxable income	\$	\$	\$	
19E. Unallowable deductions	\$	\$	\$	

**GOVERNMENT EXHIBIT 3-- Offer in Compromise with
Documents attached, dated 5-14-69.**

20. Salaries paid to principal officers and dividends distributed - Corporation

IMPORTANT: If corporation submits offer in compromise, show SALARIES paid to principal officers FOR PAST 3 YEARS and AMOUNTS DISTRIBUTED in dividends, if any, DURING AND SINCE THE TAXABLE YEARS COVERED BY THIS OFFER.

20A. SALARIES PAID TO (Name and Title)		19	19	19
(1)	PRESIDENT	\$	\$	\$
(2)	VICE PRESIDENT			
(3)	TREASURER			
(4)				
(5)				
(6)				
(7)	Total	\$	\$	\$

20B. YEAR	DIVIDEND PAID	YEAR	DIVIDEND PAID	YEAR	DIVIDEND PAID
(1)	\$	(7)	\$	(13)	\$
(2)		(8)		(14)	
(3)		(9)		(15)	
(4)		(10)		(16)	
(5)		(11)		(17)	
(6)	Total	(12) Total	\$	(18) Total	\$

21. Statement of income - Individual

IMPORTANT: If individual or estate submits offer in compromise, furnish information requested below from income tax returns as adjusted for PAST 2 YEARS.

21A. GROSS INCOME		1967	1968
(1) SALARIES, WAGES, COMMISSIONS		\$ 7,200	\$ 6,600
(2) DIVIDENDS			
(3) INTEREST			
(4) INCOME FROM BUSINESS OR PROFESSION			
(5) PARTNERSHIP INCOME			
(6) GAINS OR LOSSES (From Sched. D, Form 1040)			
(7) ANNUITIES AND PENSIONS			
(8) RENTS AND ROYALTIES			
(9) INCOME FROM ESTATES AND TRUSTS			
(10)			
(11)			
(12)			
(13)			
(14)			
(15)	Total income	\$ 7,200	\$ 6,600

21B. DEDUCTIONS			
(1) CONTRIBUTIONS		\$ -0-	\$
(2) INTEREST PAID		-0-	
(3) TAXES PAID		-0-	
(4) LOSSES BY FIRE, STORM, ETC.		-0-	
(5) MEDICAL EXPENSES		-0-	
(6) BAD DEBTS		-0-	
(7)		-0-	
(8)		-0-	
(9)		-0-	
(10)		-0-	
(11)		-0-	
(12)	Total deductions	\$ -0-	\$

21C.	Net income (loss)	\$ -0-	\$
21D.	Nontaxable income	\$ -0-	\$
21E.	Unallowable deductions	\$ -0-	\$

FORM 433 (PAGE 7) (REV. 9-63)

**GOVERNMENT EXHIBIT 3 - Offer in Compromise with
Documents attached, dated 5-14-69.**

23. Disposal of assets - Have you disposed of any assets or property with a cost or fair market value at the time of sale, transfer, exchange, gift or other disposition in excess of \$500, except for full value, from the beginning of the taxable period covered by this offer in compromise to the present date?

☐ YES ☒ NO (If answer is "Yes" submit following information)

DESCRIPTION OF ASSET	DATE OF TRANSFER	FAIR MARKET VALUE WHEN TRANSFERRED	CONSIDERATION RECEIVED	RELATIONSHIP OF TRANSFEREE TO TAXPAYER
		\$	\$	

24. Interest in or beneficiary of estate or trust - Have you any life interest or remainder interest, either vested or contingent in any trust or estate, or are you a beneficiary of any trust?

☐ YES ☒ NO (If "Yes," furnish copy of instrument creating trust or estate - Also give the following information)

NAME OF TRUST OR ESTATE	PRESENT VALUE OF ASSETS	VALUE OF YOUR INTEREST	ANNUAL INCOME RECEIVED FROM THIS SOURCE
	\$	\$	\$

25. Grantor, donor, trustee or fiduciary - Are you the grantor or donor of any trust, or the trustee or fiduciary for any trust? ☐ YES

☒ NO (If "Yes," submit copy of instrument creating trust. Also give value of corpus of trust at present time and any other information pertinent to your case.)

26. Any other assets or interests in assets - Have you any other assets or an interest in assets either actual or contingent, other than those listed herein?

☐ YES ☒ NO (If "Yes," describe such assets fully)

27A. ARE FORECLOSURE PROCEEDINGS PENDING AT THE PRESENT TIME ON ANY REAL ESTATE WHICH YOU OWN OR HAVE AN INTEREST?

☐ YES ☒ NO

27B. IF "YES," GIVE LOCATION OF REAL ESTATE.

27C. WAS THE GOVERNMENT MADE A PARTY TO THE SUIT?

☐ YES ☒ NO

28A. ARE BANKRUPTCY OR RECEIVERSHIP PROCEEDINGS PENDING?

☐ YES ☒ NO

28B. IF A CORPORATION, IS IT IN PROCESS OF LIQUIDATION?

☐ YES ☐ NO

29. If sum offered in compromise is borrowed money, give name and address of lender and list collateral, if any, pledged to secure the loan.

Prestige Realty
M. Kolakowski
1011 State St., Sch'dy, N.Y.

- Collateral -
Advance on Commissions

30. Prospect of increase in value of assets or in present income (Give general statement).

31. Affidavit

Under the penalties of perjury I (We) declare that the foregoing statements and information are true and complete to the best of my (our) knowledge and belief and that I (we) have no assets (owned either directly or indirectly) or income of any nature other than as set forth herein.

31A. FOREGOING STATEMENT IS AS OF (Date)

4/28/69

31B. SIGNATURE

W. Baed Arm

GOVERNMENT EXHIBIT 4 -- Tax Return Form 1040.

1040 U.S. Individual Income Tax Return

U.S. Treasury Department, Internal Revenue Service
for the year January 1-December 31, 1968

First name and initial (If joint return, use first names and middle initials of both) **W. Baldwin & Margaret O. Deans** Last name **Deans** Your social security number **074031531**

Name address (Number and street or rural route) **477 180 Quois Path** City, town or post office, and State **Scotia New York** ZIP code **12153**

Enter below name and address used on your return for 1967 (if same as above, write "Same"). If none filed, give reason. If changing from separate to joint or joint to separate returns, enter 1967 names and addresses.

Your present employer and address **Same**

Your Filing Status—check only one:

1a ☐ Single

1b ☒ Married filing joint return (even if only one had income)

1c ☐ Married filing separately. If spouse is also filing a return, enter her (his) social security number in space provided above and give first name here

1d ☐ Unmarried Head of Household

1e ☐ Surviving widow(er) with dependent child

Your Exemptions Regular 65 or over Blind

2a Yourself ☒ ☐ Enter number of boxes checked **2**

2b Spouse ☒ ☐

3a First names of your dependent children who lived with you **Current Starlene Jeffrey Stephanie** Enter number **4**

3b Number of other dependents (from page 2, Part I, line 3)

4 Total exemptions claimed **24**

Income If joint return include all income of both husband and wife

5 Wages, salaries, tips, etc. If not shown on attached forms W-2 attach explanation **6600**

6 Other income (from page 2, Part II, line 6) **11754**

7 Total (add lines 5 and 6) **18354**

8 Adjustments to income (from page 2, Part III, line 5)

9 Total income ("adjusted gross income") (subtract line 8 from line 7) **18354**

10 If you do not itemize deductions and line 9 is under \$5,000, find tax in tables on pages 12-14 of instructions. Enter tax on line 12a.

11a If you itemize deductions, enter total from page 2, Part IV, line 17. If you do not itemize deductions, and line 9 is \$5,000 or more enter the larger of: (1) 10 percent of line 9; OR (2) \$200 (\$100 if married and filing separate return) plus \$100 for each exemption claimed on line 4, above. Deduction under (1) or (2) limited to \$1,000 (\$500 if married and filing separately).

11b Subtract line 11a from line 9. Enter balance on this line **15361**

11c Multiply total number of exemptions on line 4, above, by \$600 **3600**

11d Subtract line 11c from line 11b. Enter balance on this line. (Figure your tax on this amount by using tax rate schedule on page 11 of instructions.) Enter tax on line 12a. **11761**

12a Tax (Check if from: Tax Table ☐, Tax Rate Schedule ☒ Sch. D ☐, or Sch. G ☐) **2373**

12b Tax surcharge. If line 12a is less than \$734, find surcharge from tables on page 10 of instructions. If line 12a is \$734 or more, multiply amount on line 12a by .075 and enter result. (If you claim retirement income credit, use Schedule B (Form 1040) to figure surcharge.)

12c Total (add lines 12a and 12b) **2373**

13 Total credits (from page 2, Part V, line 4)

14a Income tax (subtract line 13 from line 12c) **2373**

14b Tax from recomputing prior year investment credit (attach statement)

15 Self-employment tax (Schedule C-3 or F-1)

16 Total tax (add lines 14a, 14b, and 15) **2450**

17 Total Federal income tax withheld (attach Forms W-2) **981**

18 Excess FICA tax withheld (two or more employers—see page 5 of instr.)

19 ☐ Nonhighway Federal gasoline tax—Form 4136, ☐ Reg. Inv.—Form 7419

20 1968 Estimated tax payments (include 1967 overpayment allowed as a credit)

21 Total (add lines 17, 18, 19, and 20) **981**

22 If payments (line 21) are less than tax (line 16), enter Balance Due. Pay in full with this return **1469**

23 If payments (line 21) are larger than tax (line 16), enter Overpayment **981**

24 Amount of line 23 you wish credited to 1969 Estimated Tax

25 Subtract line 24 from line 23. Apply to: ☐ U.S. Savings Bonds, with excess refunded or ☐ Refund only

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete. If prepared by a person other than taxpayer, his declaration is based on all information which he has, or knows.

Sign here **W. Baldwin & Margaret O. Deans** Date **4/15/69**

Spouse's signature (If filing jointly, BOTH must sign even if only one had income) **Margaret O. Deans** Date **4/15/69**

Enter here and on page 1, line 6 **420 BROADWAY**

expenses to your employer, check here and see page 6 of instructions

GOVERNMENT EXHIBIT 4 - Tax Return Form 1040.

Exemptions Complete only for dependents claimed on page 1			Form 1040-1968-Page 2		
(a) NAME (If more space is needed attach schedule)	(b) Relationship	(c) Months lived with you during year write "B" or "D"	(d) Did dependent have income of \$600 or more?	(e) Amount you furnished for dependent's support, if 100% write "A."	(f) Amount furnished by OTHERS including dependent
1				\$	\$
2					
3 Total number of dependents listed above Enter here and on page 1, line 3b					
Part II Income from sources other than wages, etc.			Part III Itemized deductions—Use only if you do not use tax table or standard deduction.		
1a Gross dividends and other distributions on stock (list payers and amounts—write (H), (W), (J), for stock held by husband, wife, or jointly)			Medical and dental expense (not compensated by insurance or otherwise)—Attach itemized list.		
1b Exclusion (see instructions)			1 One-half of insurance premiums for medical care (but not more than \$150)		
1c Capital gain distributions (see page 5 of instructions)			2 Total cost of medicine and drugs		
1d Nontaxable distributions (see page 5 of instructions)			3 Enter 1% of line 9, page 1		
1e Total (add lines 1b, 1c, and 1d)			4 Subtract line 3 from line 2 (not less than zero)		
1f Taxable dividends (line 1a less line 1e— not less than zero)			5 Other medical, dental expenses (include balance of insurance premiums for medical care not deductible on line 1)		
Interest (list payers and amounts below)			6 Total (add lines 4 and 5)		
Earnings from savings and loan assoc. and credit unions.			7 Enter 3% of line 9, page 1		
Other interest (on bank deposits, bonds, tax refunds, etc.)			8 Subtract line 7 from line 6 (not less than zero)		
2 Total interest income			9 Total (add lines 1 and 8)		
3 Pensions and annuities, rents and royalties, partnerships, estates or trusts, etc. (attach Sch. B)			Contributions—Cash—including checks, money orders, etc. (itemize)		
4 Business income or loss (attach Schedule C)			St Joseph's 208.00		
5 Sale or exchange of property (attach Schedule D)			Lutheran Church 208.00		
6 Farm income or loss (attach Schedule F)			Relig. Cancer Heart 208.00		
Miscellaneous income (state nature and source)			Misc 208.00		
7 Total miscellaneous income			10 Total cash contributions		
8 TOTAL (add lines 1f, 2, 3, 4, 5, 6, and 7). Enter here and on page 1, line 6.			11 Other than cash (see instructions for required statement). Enter total of such items here		
11754			12 Carryover from prior years (see page 7 of instr.)		
9 Total miscellaneous income			13 Total contributions (add lines 10, 11, and 12—see instructions for limitation)		
10 TOTAL (add lines 1f, 2, 3, 4, 5, 6, and 7). Enter here and on page 1, line 6.			Taxes—Real estate 955		
11754			State and local gasoline 52		
11 Total miscellaneous income			General sales (see page 15 of instructions) 120		
12 TOTAL (add lines 1f, 2, 3, 4, 5, 6, and 7). Enter here and on page 1, line 6.			State and local income 208		
11754			Personal property		
13 Total miscellaneous income			14 Total taxes		
14 TOTAL (add lines 1f, 2, 3, 4, 5, 6, and 7). Enter here and on page 1, line 6.			Interest expense—Home Mortgage 1300		
11754			Installment purchases		
15 Total miscellaneous income			Other (itemize)		
16 TOTAL (add lines 1f, 2, 3, 4, 5, 6, and 7). Enter here and on page 1, line 6.			15 Total interest expense 1300		
11754			Miscellaneous deductions—(see page 8 of instructions)		
17 Total miscellaneous income			16 Total miscellaneous		
18 TOTAL (add lines 1f, 2, 3, 4, 5, 6, and 7). Enter here and on page 1, line 6.			17 TOTAL DEDUCTIONS (add lines 9, 13, 14, 15, and 16). Enter here and on page 1, line 11a		
11754			2993		
19 Total miscellaneous income			Part IV Credits		
20 TOTAL (add lines 1f, 2, 3, 4, 5, 6, and 7). Enter here and on page 1, line 6.			1 Retirement income credit (Schedule B)		
11754			2 Investment credit (Form 3468)		
21 Total miscellaneous income			3 Foreign tax credit (Form 1116)		
22 TOTAL (add lines 1f, 2, 3, 4, 5, 6, and 7). Enter here and on page 1, line 6.			4 TOTAL CREDITS (for page 1, line 13)		
11754			EXPENSE ACCOUNTS—If you had an expense allowance or charged expenses to your employer, check here and see page 6 of instructions		

GOVERNMENT EXHIBIT 4 - Tax Return Form 1040

SCHEDULE C
(Form 1040)
U.S. Treasury Department
Internal Revenue Service

Profit (or Loss) From Business or Profession

(Sole Proprietorship)

(Compute social security self-employment tax on Schedule C-3 (Form 1040))

1968

Attach this schedule to your income tax return, Form 1040 — Partnerships, joint ventures, etc., must file on Form 1065

Name as shown on page 1 of Form 1040

Social security number

*W. Baldwin & Margaret D. Droms**074 03 1531***A** Principal business activity
(See separate instructions)*Realty Sales*

(For example, retail hardware, wholesale tobacco, services, legal, manufacturing, furniture, etc.)

B Business name*W. Baldwin Droms***C** Employer identification number**D** Business address*Same***E** Indicate method of accounting: (1) ☒ cash; (2) ☐ accrual; (3) ☐ other

(ZIP code)

F Was there any substantial change in the manner of determining quantities, costs, or valuations between the opening and closing inventories?☐ YES ☐ NO. If "Yes," attach explanation.**G** Were you required to file Forms 1046 and 1099 or 1067 for the calendar year 1968? (See "Item G" in separate instructions for Schedule C.)☐ YES ☐ NO. If "Yes," where were they filed?**1** Gross receipts or gross sales \$ *13104* Less: Returns and allowances *Common* *13104 -***2** Inventory at beginning of year (if different from last year's closing inventory, attach explanation)**3** Merchandise purchased \$ *13104* Less: cost of any items withdrawn from business for personal use \$**4** Cost of labor (do not include salary paid to yourself)**5** Material and supplies**6** Other costs (explain in Schedule C-1)**7** Total of lines 2 through 6**8** Inventory at end of this year**9** Cost of goods sold and/or operations (subtract line 8 from line 7)**10** Gross profit (subtract line 9 from line 1)*13104 -***OTHER BUSINESS DEDUCTIONS****11** Depreciation (explain in Schedule C-2)**12** Taxes on business and business property (explain in Schedule C-1)**13** Rent on business property**14** Repairs (explain in Schedule C-1)**15** Salaries and wages not included on line 4 (exclude any paid to yourself)**16** Insurance**17** Legal and professional fees**18** Commissions**19** Amortization (attach statement)**20** Retirement plans, etc. (other than your share—see separate instructions)**21** Interest on business indebtedness**22** Bad debts arising from sales or services**23** Losses of business property (attach statement)**24** Depletion**25** Other business expenses (explain in Schedule C-1)*135***26** Total of lines 11 through 25*1350 -***27** Net profit (or loss) (subtract line 26 from line 10). Enter here in Schedule C-3, line 1, and on page 2, Part II, line 4. Figure your self-employment income and tax on Schedule C-3*11754 -***SCHEDULE C-1. EXPLANATION OF LINES 6, 12, 14, AND 25**

Line No.	Explanation	Amount	Line No.	Explanation	Amount
<i>25</i>	<i>Business</i>				
	<i>Mileage</i>				
	<i>Not Reimbursed</i>				
	<i>7000 @ .10</i>	<i>700 -</i>			
	<i>Misc Office Costs</i>	<i>220 -</i>			
	<i>Entertainment</i>				
	<i>Client's promotion</i>	<i>450 -</i>			

[illegible]

1. Group and guideline class OR Description of property	2. Cost or other basis at beginning of year OR Cost or other basis	3. Asset additions in year (amount) OR Date acquired	4. Asset retirements in year (amount) (applicable only to Rev. Proc. 67-21)	5. Depreciation allowed or allowable in prior years	6. Method of computing depreciation	7. Class life OR Rate (%) or life	8. Depreciation for this year
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.....

SUMMARY OF DEPRECIATION

	Straight line	Declining balance	Sum of the years digits	Units of production	Additional first year (section 179)	Other (specify)	Total
1 Under Rev Proc's 62-21 and 65-13							
2 Other							

EXPENSE ACCOUNTS. Enter information with regard to yourself and your five highest paid employees. In determining the five highest paid employees, expense account allowances must be added to their salaries and wages. However, the information need not be submitted for any employee for whom the combined amount is less than \$10,000, or for yourself if your expense account allowance plus line 27, page 1, is less than \$10,000. See separate instructions for Schedule C, for definition of "expense account."

2. YES 1.00

	Name	Expense account	Salary and wages
Owner			
1			
2			
3			
4			
5			

GOVERNMENT EXHIBIT 4 — Tax Return Form 1040

SCHEDULE C-3
(Form 1040)U.S. Treasury Department
Internal Revenue Service

Computation of Social Security Self-Employment Tax

Attach this schedule to your income tax return, Form 1040

See instructions on page 2

1968

- ▶ If you had wages, including tips, of \$7,800 or more which were subject to social security taxes, do not fill in this page.
 ▶ Complete only one Schedule C-3; if you had more than one business, combine profits (or losses) from all of your businesses on this Schedule.
 ▶ Each self-employed person must file a separate schedule.

Name of self-employed person (as shown on social security card)	Social Security Number	Check applicable block (1) <input checked="" type="checkbox"/> Male (2) <input type="checkbox"/> Female
W. Baldwin Deems	074 03 1531	
1 Net profit (or loss) shown in Schedule C (Form 1040), line 27 (Enter combined amount if more than one business)	11754 -	
2 Add to net profit (or subtract from net loss) losses of business property shown in Schedule C, line 23		
3 Total (or difference)	11754 -	
4 Net income (or loss) from excluded services or sources included on line 3 Specify excluded services or sources		
Net earnings (or loss) from self-employment— (a) From business (line 3 less any amount on line 4)	11754 -	
(b) From partnerships, joint ventures, etc. (other than farming)		
(c) From service as a minister, member of a religious order, or a Christian Science practitioner. If you filed Form 4361, check here <input type="checkbox"/> and enter zero on this line		
(d) From farming reported on line 2 (or line 3 if option used), of separate Schedule F-1 (Form 1040)		
(e) From service with a foreign government or international organization		
(f) Other (director's fees, etc.). Specify		
5 Total net earnings (or loss) from self-employment reported on line 5. Enter here and in item F below. (If line 6 is under \$400, you are not subject to self-employment tax. Do not fill in rest of page.)	11754 -	
6 The largest amount of combined wages and self-employment earnings subject to social security tax is	\$ 7,800 00	
7 (a) Total "F.I.C.A." wages as indicated on Form W-2		
(b) Unreported tips, if any, subject to F.I.C.A. tax from Form 4137, line 9		
(c) Total of lines 7(a) and 7(b). Enter here and in item G below	6600 -	
8 Balance (subtract line 7(c) from line 6)	1200 -	
9 Self-employment income—line 6 or 9, whichever is smaller. Enter here and in item H, below	1200 -	
10 If line 10 is \$7,800, enter \$99.20; if less, multiply the amount on line 10 by .064	77 -	
11 Adjustment for hospital insurance benefits tax from Form 4469. (Applies only to railroad employees and railroad employee representatives)		
12 Self-employment tax (subtract line 11 from line 10). Enter here and on Form 1040, page 1, line 15	77 -	

Do not detach

Schedule C-3 (Form 1040)

Important.—The amounts reported on the form below are for your social security account. This account is used in figuring any benefits, based on your earnings, payable to you, your dependents, and your survivors. Fill in each item accurately and completely.

SCHEDULE SE
(Form 1040)U.S. Treasury Department
Internal Revenue Service

U.S. Report of Self-Employment Income

For crediting to your social security account

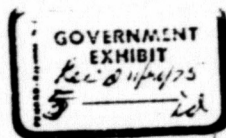
1968

Indicate year covered by this return (even though income was received only in part of year): A Calendar year 1968 <input checked="" type="checkbox"/> or other taxable year beginning _____, 1968, ending _____ If less than 12 months, was short year due to (a) <input type="checkbox"/> Death, or (b) <input type="checkbox"/> Change in accounting period, or (c) <input type="checkbox"/> Other		PLEASE DO NOT WRITE IN THIS SPACE
B BUSINESS ACTIVITIES SUBJECT TO SELF-EMPLOYMENT TAX (Grocery store, restaurant, etc.) Realty Sales		
C BUSINESS ADDRESS (number and street, city or post office, State, ZIP code) 477 1roquois Path		F ENTER AMOUNT FROM LINE 6 \$ 11754 -
D SOCIAL SECURITY NUMBER OF PERSON NAMED IN ITEM E BELOW 074 03 1531		
E PRINT OR TYPE NAME OF SELF-EMPLOYED PERSON AS SHOWN ON SOCIAL SECURITY CARD W. Baldwin Deems PRINT OR TYPE HOME ADDRESS (number and street or rural route) 477 1roquois Path (City or post office, State, and ZIP code)		G ENTER AMOUNT FROM LINE 8 IF ANY \$ 6600 -

GOVERNMENT EXHIBIT 4 - Tax Return Form 1040.

FEDERAL INCOME TAX INFORMATION			SOCIAL SECURITY INFORMATION		WAGE AND TAX STATEMENT—1968	
Federal income tax withheld	Wages paid subject to withholding in 1968	Other compensation* paid in 1968	F.I.C.A. employee tax withheld*	Total F.I.C.A. wages paid in 1968*	State income tax withheld	City or local tax withheld
901.20	6603.00		500.40	6603.00	207.60	
Type or print EMPLOYEE'S social security no., name, address and zip code below			Name of State		State or City income different from Federal	
674-02-1531			Name of City			
U. Baldwin Brown			5. If single		1. Includes tips reported by employee. This amount is before pay-roll deductions or "ask pay" assistance. 2. Add this item to wages in figuring the amount to be reported as wages and salary on your income tax return. 3. The social security (F.I.C.A.) rate of 4.4% includes .6% for Hospital Insurance Benefits and 3.8% for old age survivors and disability insurance. 4. Includes tips reported by employee.	
1177 Inequale Path			M.		Unrelated Employee Tax on Tips \$	
Schenectady, NY			A married			
Type or print EMPLOYER'S identification number, name and address						
Frontage Realty of the Capital Dist. Corp.						
1011 State St.						
Schenectady, NY						
14-1491255						

GOVERNMENT EXHIBIT 5 - Tax Return Form 1120.



FORM **1120**
U.S. Treasury Department
Internal Revenue Service

U.S. Corporation Income Tax Return
For the year January 1 to December 31, 1966, or other taxable year beginning
November 1, 1965, ending October 31, 1967
(PLEASE TYPE OR PRINT)

19

Check one—
A Sole proprietorship, (1) an
partnership, or (2) a trust, or
see 1361 to be taxed as a
corporation.
B Consolidated return. (3)
C Personal return. (4)
D Business Code No. (See instructions)

Name
Prostate Realty of the Capital District Corp.
Address
1711 STATE STREET
City or town, State, and ZIP code
Schenectady, NEW YORK 12301

E Employer's EIN
17-1491255
F County, in which located
Schenectady
G Enter total assets from line
14 Sch. 1 (Instructions 6)

IMPORTANT—All applicable lines and schedules must be filled in. If the lines on the schedules are not sufficient, see instruction Q.

GROSS INCOME	1 Gross receipts or gross sales 103469.11 Less: Returns and allowances 219.90	103249.21
	2 Less: Cost of goods sold (Schedule A) and/or operations (attach schedule)	
	3 Gross profit	103249.21
	4 Dividends (Schedule C)	
	5 Interest on obligations of the United States and U.S. instrumentalities	
	6 Other interest	
	7 Rents	
	8 Royalties	
	9 Net gains (losses)—(separate Schedule D)	
	10 Other income (attach schedule)	
	11 TOTAL income—Add lines 3 through 10	103249.21
DEDUCTIONS	12 Compensation of officers (Schedule E)	
	13 Salaries and wages (not deducted elsewhere)	4182.15
	14 Repairs (do not include cost of improvements or capital expenditures)	207.77
	15 Bad debts (Schedule F if reserve method is used)	
	16 Rents	2396.96
	17 Taxes (attach schedule)	131.21
	18 Interest	
	19 Contributions (attach schedule—see instructions for limitation)	
	20 Losses by fire, storm, shipwreck, other casualty, or theft (attach schedule)	
	21 Amortization (attach schedule)	
	22 Depreciation (Schedule G)	
23 Depletion (attach schedule)		
24 Advertising	9576.11	
25 (a) Pension, profit sharing, stock bonus, annuity plans (see instructions) (b) Other employee benefit plans (see instructions)		
26 Other deductions (attach schedule)	9555.35	
27 TOTAL deductions in lines 12 through 26	122048.15	
28 Taxable income before net operating loss deduction and special deductions (line 11 less line 27)	1201.06	
29 Less: (a) Net operating loss deduction (see instructions—attach schedule) (b) Special deductions (Schedule I)	(533.11)	
30 Taxable income (line 28 less line 29)	667.95	
TAX	31 TOTAL income tax (Schedule J)	146.95
	32 Credits: (a) Tax paid with Form 7064 application for extension (attach copy) (b) Payments and credits on 1966 declaration of estimated tax (c) Credit from regulated investment companies (attach Form 2439) (d) Credit for U.S. tax on foreign-sourced income (attach Form 4136)	
	33 If tax (line 31) is larger than credits (line 32), the balance is TAX DUE. Enter balance here	146.95
	34 If tax (line 31) is less than credits (line 32) Enter the OVERPAYMENT here	176
	35 Enter amount of line 34 you want. Credited on 1967 estimated tax. Refunded	

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete. If prepared by a person other than taxpayer, his declaration is based on all information of which he has any knowledge.

CORPORATE
SEAL

Date **12/18/66** Signature of officer **Anthony D. Sorbo**
Signature of preparer **Anthony D. Sorbo**
ANTHONY D. SORBO
1711 BROADWAY

GOVERNMENT EXHIBIT 5 — Tax Return Form 1120.

Form 1120-1

Schedule A—COST OF GOODS SOLD (See instruction 2)		Schedule C—DIVIDENDS (See instruction 3)	
1 Inventory at beginning of year		1 Domestic corporations subject to 50% deduction	
2 Merchandise bought for manufacture or sale		2 Certain preferred stock of public utilities	
3 Salaries and wages		3 Foreign corporations subject to 85% deduction	
4 Other costs (attach schedule)		4 Other dividends from foreign corporations	
5 Total		5 Income from controlled foreign corporations (attach Form 3546)	
6 Less inventory at end of year		6 Foreign dividend gross up (section 78)	
7 Cost of goods sold—Enter on line 2, page 1		7 Qualifying dividends from affiliated groups (section 243(b))	
Method of inventory valuation		8 Other	
		9 Total—Enter on line 4, page 1	

Schedule E—COMPENSATION OF OFFICERS (See page 5 of instructions)						
1 Name, address, and social security number of officer	2 Title	3 Time spent in business as common or preferred stockholder	4 Percentage of ownership	5 Amount of compensation	6 Amount of dividends	7 Excess of dividends over compensation
Marion E. Kolakowski, 074-03-9288 Pres. Treas.		NONE	50%	NONE	NONE	
Mary Z. Kolakowski, 108-09-3099 V. Pres.		NONE	50%	NONE	NONE	
RD 1 Clifford Dr. Ballston Lake, New York						
Total compensation of officers—Enter here and on line 12, page 1						

Schedule F—BAD DEBTS—RESERVE METHOD (See instruction 15)						
1 Year	2 Trade notes and accounts receivable outstanding at end of year	3 Sales on account	4 Current year's provision	5 Recoveries	6 Amount charged against reserve	7 Reserve for bad debts at end of year
1961						
1962						
1963						
1964						
1965						
1966						

Schedule G—DEPRECIATION (See instruction 22)						
Taxpayers using Revenue Procedure 62-21: Make no entry in column 2, enter the cost or other basis of assets held at end of year in column 3, and enter the accumulated depreciation at end of year in column 4.						
1 Group and guideline class or description of property	2 Date acquired	3 Cost or other basis	4 Depreciation allowed or allowable in prior years	5 Method of computing depreciation	6 Life or rate	7 Depreciation for this year
1 Total additional first year depreciation (do not include in items below)						
Buildings						
Furniture and fixtures						
Transportation equipment						
Machinery and other equipment						
Other (specify)						
2 Totals						NONE
3 Less amount of depreciation claimed in Schedule A and elsewhere on return						NONE
4 Balance—Enter here and on line 22, page 1						NONE

Schedule H—SUMMARY OF DEPRECIATION							
	1 Straightline	2 Declining balance	3 Sum of the years' digits	4 Units of production	5 Accelerated cost recovery system (section 179)	6 Other (specify)	7 Total
1 Under Rev. Proc. 62-21							
2 Other							

GOVERNMENT EXHIBIT 5 — Tax Return Form 1120

Form 1120 (1-6-61)

Schedule I—INCOME FROM OTHER SOURCES

- 1 (a) 85 percent of line 1, Schedule C
 (b) 60.208 percent of line 2, Schedule C
 (c) 85 percent of line 3, Schedule C
 2 Total (not to exceed 85 percent of [line 28, page 1, less the sum of lines 3 and 5 of this schedule]). (The 85 percent limitation does not apply to a year in which a net operating loss occurs.)
 3 100 percent of line 7, Schedule C
 4 Dividends paid on certain preferred stock of public utilities (see instructions in case of net operating loss)
 5 Western Hemisphere trade corporations (not allowable in year of net operating loss)
 6 Total special deductions. Add lines 2 through 5. Enter here and on line 29(b), page 1

Schedule J—TAX COMPUTATION

- 1 Taxable income (line 30, page 1) 667.95
 2 Surtax exemption (line 1, \$25,000, or amount apportioned under section 1561, whichever is lesser)
 3 Line 1 less line 2 667.95
 4 (a) 22 percent of line 3 146.95
 (b) 26 percent of line 3
 (c) If multiple surtax exemption is elected under section 1562, enter E percent of line 2
 5 Income tax (line 4, or line 26 of separate Schedule D, whichever is lesser) 146.95
 6 Foreign tax credit (attach Form 1118)
 7 Line 5 less line 6 146.95
 8 Investment credit (attach Form 3468)
 9 Line 7 less line 8 146.95
 10 Tax under section 541 of the Internal Revenue Code (attach Schedule 1120 PH)
 11 Tax from recomputing prior year investment credit (attach computation)
 12 Total tax—Add lines 9, 10, and 11. Enter here and on line 31, page 1 146.95

H Date Incorporated 11/1/5

- 1 (1) Did the corporation at the end of the taxable year own directly or indirectly 50 percent or more of the voting stock of a domestic corporation? Yes ☐ No ☒

- (2) Did any corporation, individual, partnership, trust, or association at the end of the taxable year own directly or indirectly 50 percent or more of the corporation's voting stock? Yes ☐ No ☒
 (For rules of attribution, see section 267(c).)

If the answer to (1) or (2) is "Yes," attach a schedule showing:

- (a) name, address, and identifying number, and
 (b) percentage owned.

If the answer to (1) above is "Yes," include the taxable income (or loss) of such corporation for the taxable year ending with or within your taxable year.

- J Did you have any contracts or subcontracts subject to the Renegotiation Act of 1951? Yes ☐ No ☒

If "Yes," see Inst. K. Enter amount here:

- K Did you at any time during the year own directly or indirectly any stock of a foreign corporation? Yes ☐ No ☒

If "Yes," attach statement required by instruction M.

- L Amount of taxable income (or loss) for: 1963 NONE
 1964 NONE 1965 (533.11)

- M Did you claim a deduction for expenses connected with:

- (1) A hunting lodge, working ranch, or farm ☐; fishing camp ☐; resort property ☐; pleasure boat or yacht ☐; or other similar facility ☐? (Other than where the operation of the facility was the principal business.) Yes ☐ No ☒

- (2) The leasing, renting, or ownership of a hotel room or suite ☐; apartment ☐; or other dwelling ☐ which was used by customers or employees or members of their families? (Other than use by employees while in business travel status.) Yes ☐ No ☒

- (3) The attendance of your employees, families at conventions or business meetings? Yes ☐ No ☒

- (4) Vacations for employees or members of their families?

(Other than amount reported on Form W-2.) Yes ☐ No ☒

- N Refer to page 7 of instructions and state the:

Principal business activity

Realty Corporation

Principal product or service

Agency

- O Were you a member of a controlled group subject to the provisions of section 1561? Yes ☐ No ☒ or section 1552? Yes ☐ No ☒

If "Yes," check type of relationship:

- (1) parent subsidiary ☐

- (2) brother sister ☐

- (3) combination of (1) and (2) ☐ (see section 1563)

- P Were you liable for filing Forms 1096 and 1099 or 1087 for the calendar year 1966? Yes ☒ No ☐

If "Yes," where were they filed? Albany, N.Y.

- Q Did you make distributions during the taxable year:

- (1) that are not considered wholly taxable as dividends to shareholders because of insufficient earnings and profits, or (2) in a section 333 liquidation where shareholders are taxed on their pro rata share of earnings and profits? Yes ☐ No ☒
 (See sections 316, 301, and 333.) If this is a consolidated return, answer here for the parent corporation and on Form 851, Affiliations Schedule, for each subsidiary.

- R Was there any substantial change in the manner of determining quantities, costs, or valuations between opening and closing inventory? Yes ☐ No ☒
 If "Yes," attach explanation.

- S Were you a U.S. shareholder of any controlled foreign corporation? Yes ☐ No ☒ (See sections 951 and 957.) If "Yes," attach Form 3646 for each such corporation.

GOVERNMENT EXHIBIT 5 — Tax Return Form 1120.

Form 1120 (19-6)

Page 4

Schedule L—BALANCE SHEETS		For the calendar year		For the taxable year	
ASSETS		(A) Amount	(B) Total	(C) Amount	(D) Total
1 Cash			4921.61		12740.21
2 Trade notes and accounts receivable					
(a) Less allowance for bad debts					
3 Inventories					
4 Gov't obligations (a) U.S. and instrumentalities					
(b) State subdivisions thereof, etc.					
5 Other current assets (attach schedule)					
6 Loans to stockholders					
7 Mortgage and real estate loans					
8 Other investments (attach schedule)					
9 Buildings and other fixed depreciable assets					
(a) Less accumulated depreciation					
10 Depletable assets					
(a) Less accumulated depletion					
11 Land (net of any amortization)					
12 Intangible assets (amortizable only)					
(a) Less accumulated amortization					
13 Other assets (attach schedule) Supplies on hand			179.74		179.74
14 Total assets			5001.35		12919.95
LIABILITIES AND CAPITAL					
15 Accounts payable COMMERCIAL					6548.24
16 Mtes., notes, bonds payable in less than 1 yr.					
17 Other current liabilities (attach schedule) Income Tax Payable					146.95
18 Loans from stockholders					
19 Mtes., notes, bonds payable in 1 yr. or more					
20 Other liabilities (attach schedule) Taxes Payable			68.07		186.74
21 Capital stock: (a) Preferred stock					
(b) Common stock			5466.42		5466.42
22 Paid in or capital surplus (attach reconciliation)					
23 Retained earnings—Appropriated (attach sch.)			(533.11)		521.00
24 Retained earnings—Unappropriated					
25 Less cost of treasury stock					
26 Total liabilities and capital			5001.35		12919.95

Schedule M-1—RECONCILIATION OF INCOME PER BOOKS WITH INCOME PER RETURN	
1 Net income per books	1054.11
2 Federal income tax	146.95
3 Excess of capital losses over capital gains	
4 Taxable income not recorded on books this year (itemize)	
5 Expenses recorded on books this year not deducted in this return (itemize)	
(a) Depreciation \$	
(b) Depletion \$	
6 Total of lines 1 through 5	1201.06
7 Income recorded on books this year not included in this return (itemize)	
(a) Nontaxable interest \$	
8 Deductions in this tax return not charged against book income this year (itemize)	
(a) Depreciation \$	
(b) Depletion \$	
9 Total of lines 7 and 8	
10 Income (line 28, page 1) — line 6 less 9	1201.06

Schedule M-2—ANALYSIS OF UNAPPORTIONED RETAINED EARNINGS PER BOOKS (line 25, page 4)	
1 Balance at beginning of year	(533.11)
2 Net income per books	1054.11
3 Other increases (itemize)	
4 Total of lines 1, 2 and 3	521.00
5 Distributions: (a) Cash	
(b) Stock	
(c) Property	
6 Other decreases (itemize)	
7 Total of lines 5 and 6	
8 Balance at end of year (line 4 less 7)	521.00

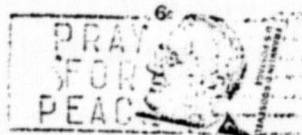
GOVERNMENT EXHIBIT 5 - Tax Return Form 1120.

Prestige Realty of the Capital District Corp.
1011 State Street
Schenectady, New York

Other Deductions
1967

Salesmen's Commissions	54,571.91
Bank Charges	855.00
Credit Reports	7.08
Board Services	571.46
Office Expense	2906.91
Auto Expense	1300.41
Insurances	1917.85
Dues	371.55
NYS Unemployment Insurance	104.40
Sales Promotion	196.10
Workman's Compensation	253.00
NYS Franchise Tax	25.00
License fees	8.00
Accounting	150.00
DBL Insurance	53.94
FICA Tax Expense	184.00
Commission Expenses Paid	21,543.27
Miscellaneous Expenses	223.37
Gifts, Parties, etc.	311.10
	<u>85,533.25</u>

O. Acc't.
AY
Y. 12306



DISTRICT DIRECTOR
INTERNAL REVENUE SERVICE
ALBANY, NEW YORK 12201

GOVERNMENT EXHIBIT 5 - Tax Return Form 1120.

GOVERNMENT EXHIBIT 6 — Tax Return Form 1120.

FORM 1120
U.S. Treasury Department
Internal Revenue Service

U.S. Corporation Income Tax Return
For calendar year 1967 or other taxable year beginning

NOV. 1 1967, ending **OCTOBER 31 1968**
(PLEASE TYPE OR PRINT)

1967

Check all that apply:
A Sole proprietorship (attach Schedule C)
B Partnership (attach Schedule E)
C Corporation (attach Schedule M)
D Business Code No. (see instructions)

Name **PRESTIGE REALTY OF THE CAPITAL DISTRICT CORP.**

Number and street **1011 STATE STREET**

City or town, State, and ZIP code **SCHENECTADY NEW YORK 12306**

E Employer Identification No.

14-1491855

F County in which located

SCHENECTADY

G Enter total assets from line 16, column (D), Schedule L

(See instructions B)

37,177,417

IMPORTANT—All applicable lines and schedules must be filled in. If the lines on the schedules are not sufficient, see instruction N.

GROSS INCOME	1	Gross receipts or gross sales	207,815.51	Less: Returns and allowances	486.00	207,329.51
	2	Less: Cost of goods sold (Schedule A) and/or operations (attach schedule)				101,731.83
	3	Gross profit				105,597.58
	4	Dividends (Schedule C)				
	5	Interest on obligations of the United States and U.S. instrumentalities				
	6	Other interest				
	7	Gross rents				
	8	Gross royalties				
	9	Net gains (losses)—(separate Schedule D)				
	10	Other income (attach schedule)				
	11	TOTAL income—Add lines 3 through 10				105,597.58
DEDUCTIONS	12	Compensation of officers (Schedule E)				18,541.51
	13	Salaries and wages (not deducted elsewhere)				38,641.10
	14	Repairs (do not include capital expenditures)				75.00
	15	Bad debts (Schedule F if reserve method is used)				
	16	Debits				2,550.00
	17	Taxes (attach schedule)				38.11
	18	Interest				
	19	Contributions (attach schedule—see instructions for limitation)				
	20	Casualty or theft losses (attach schedule)				
	21	Amortization (attach schedule)				
	22	Depreciation (Schedule G)				2,101.49
23	Depletion (attach schedule)					
24	Advertising				15,201.18	
25	(a) Pension, profit sharing, stock bonus, annuity plans (attach Form 2950) (b) Other employee benefit plans (see instructions)					
26	Other deductions (attach schedule)				30,619.15	
27	TOTAL deductions on lines 12 through 26				72,990.54	
28	Taxable income before net operating loss deduction and special deductions (line 11 less line 27)				32,607.04	
29	Less: (a) Net operating loss deduction (see instructions—attach schedule) (b) Special deductions (Schedule I)					
30	Taxable income (line 28 less line 29)				32,607.04	
TAX	31	TOTAL income tax (Schedule J)				9,913.99
	32	Credits: (a) Tax deposited—Form 7004 application for extension (attach copy) (b) 1967 estimated tax payments (include 1968 overpayment allowed as a credit) (c) Credit from regulated investment companies (attach Form 2429) (d) Credit for U.S. tax on nonhighway gas and fuel oil (attach Form 4136)				
	33	If tax (line 31) is larger than credits (line 32), the balance is TAX DUE. See instr. G for Tax Deposit System.				9,913.99
	34	If tax (line 31) is less than credits (line 32), Enter the OVERPAYMENT here.				
	35	Enter amount of line 34 you want credited to 1968 estimated tax.				

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete. If prepared by a person other than taxpayer, his declaration is based on all information of which he has any knowledge.

CORPORATE SEAL

Date

Date

Signature of preparer

ANTHONY D. SORBO, Acct.

1713 BROADWAY

SCHENECTADY, N.Y. 12306

GOVERNMENT EXHIBIT 6 - Tax Return Form 1120.

(1967)

Page 2

Schedule A—COST OF GOODS SOLD (See instruction 2)

Inventory at beginning of year: 10019.91

Cost of goods bought for manufacture or sale: 82659.42

Cost of goods sold: 9032.60

Cost of goods sold (other than inventory): 101731.93

Inventory at end of year: 701731.93

Cost of goods sold—Enter on line 2, page 1: 701731.93

Method of inventory valuation:

Schedule C—DIVIDENDS (See instruction 4)

1 Domestic corporations subject to 85% deduction:

2 Certain preferred stock of public utilities:

3 Foreign corporations subject to 85% deduction:

4 Dividends from wholly owned foreign subsidiaries subject to 85% deduction (section 145(b)):

5 Other dividends from foreign corporations:

6 Income from controlled foreign corporations (attach Form 3026):

7 Foreign dividend gross up (section 78):

8 Qualifying dividends from affiliated groups (section 243(b)):

9 Other:

10 Total—Enter here and on line 4, page 1:

Schedule E—COMPENSATION OF OFFICERS (See instruction 12)

1. Name, address, and social security number of officer	2. Title	3. Time served in office	4. Common stock owned	5. Preferred stock owned	6. Amount of compensation	7. Expense account
JOHN E. KOLAKOWSKI, 074-03-9288, Pres	10%	50	5437.71	-	-	
MARY E. KOLAKOWSKI, 108-09-3059, V-Pres	100%	50	NONE	-	-	
JARVIS R. DROMS, 074-03-1531, Treas	ALL	NONE	13103.20	-	-	
1177 INDIAN PATH, SEATTLE, N.Y.						
Total compensation of officers—Enter here and on line 12, page 1: 18541.51						

Schedule F—BAD DEBTS—RESERVE METHOD (See instruction 15)

1. Trade notes and accounts receivable outstanding at end of year	2. Sales on account	3. Current year's provision	4. Recoveries	5. Amount charged against income	6. Reserve for bad debts at end of year
1962					
1963					
1964					
1965					
1966					
1967					

Schedule G—DEPRECIATION (See instructions for Schedule G)

Employers using Revenue Procedures 62-21 and 65-11: Make no entry in columns 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 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2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025

GOVERNMENT EXHIBIT 6 - Tax Return Form 1120

Form 1120 (1967)

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Schedule I—SPECIAL DEDUCTIONS

- 1 (a) 85 percent of line 1, Schedule C
 (b) 60 percent of line 2, Schedule C
 (c) 85 percent of line 3, Schedule C
 (d) 100 percent of line 4, Schedule C
 2 Total—Not to exceed 85 percent of (line 28, page 1, less the sum of lines 3 and 5 of this schedule). The 85 percent limitation does not apply to a year in which a net operating loss occurs
 3 100 percent of line 6, Schedule C
 4 Dividends paid on certain preferred stock of public utilities (see instructions in case of net operating loss)
 5 Western Hemisphere trade corporations (not allowable in year of net operating loss)
 6 Total special deductions—Add lines 2 through 5. Enter here and on line 29(b), page 1

Schedule J—TAX COMPUTATION

- 1 Taxable income (line 30, page 1)
 2 Surtax exemption (line 1: \$5,000, or amount apportioned under section 1561, whichever is lesser)
 3 Line 1 less line 2
 4 (a) 22 percent of line 1
 (b) 26 percent of line 3
 (c) If multiple surtax exemption is elected under section 1562, enter 6 percent of line 2
 5 Income tax (line 4, or line 26 of separate Schedule D, whichever is lesser)
 6 Foreign tax credit (attach Form 1118)
 7 Line 5 less line 6
 8 Investment credit (attach Form 3468)
 9 Line 7 less line 8
 10 Personal holding company tax (attach Schedule 1120-PHC)
 11 Tax from recomputing prior year investment credit (attach computation)
 12 Total tax—Add lines 9, 10, and 11. Enter here and on line 31, page 1

11/20
See FY

H Date incorporated 11/65

- 1 (1) Did the corporation at the end of the taxable year own directly or indirectly 50 percent or more of the voting stock of a domestic corporation? Yes ☐ No ☒

- (2) Did any corporation, individual, partnership, trust, or association at the end of the taxable year own directly or indirectly 50 percent or more of the corporation's voting stock? Yes ☐ No ☒
 (For rules of attribution, see section 267(c).)

If the answer to (1) or (2) is "Yes," attach a schedule showing:

- (a) name, address, and identifying number; and
 (b) percentage owned.

If the answer to (1) above is "Yes," include the taxable income (or loss) from line 30, page 1, Form 1120 of such corporation for the taxable year ending with or within your taxable year.

- J Did you have any contracts or subcontracts subject to the Renegotiation Act of 1951? Yes ☐ No ☒
 If "Yes," enter the aggregate gross dollar amount billed during the year

K Amount of taxable income (or loss) from line 30, page 1, Form 1120, for 1964 NONE 1965 (533.11) 1966 667.95

- L Did you claim a deduction for expenses connected with:

(1) A home, lodge, working ranch or farm, fishing camp, resort, party, pleasure boat or yacht, or other similar facility? (Other than where the operation of the facility was the principal business.) Yes ☐ No ☒

(2) The leasing, renting, or ownership of a hotel room or suite, apartment, or other dwelling, which was used by customers or employees or members of their families? (Other than use by employees while in business travel status.) Yes ☐ No ☒

(3) The attendance of your employees' families at conventions or business meetings? Yes ☐ No ☒

- (4) Vacations for employees or members of their families? (Other than amount reported on Form W-2.) Yes ☐ No ☐

M Refer to page 7 of instructions and state the:

Principal business activity

Realty Sales

Principal product or service

Residential Homes

- N Were you a member of a controlled group subject to the provisions of sections 1561? Yes ☐ No ☒ or section 1562?

Yes ☐ No ☐

If "Yes," check type of relationship:

(1) parent/subsidiary ☐

(2) brother/sister ☐

(3) combination of (1) and (2) ☐ (see section 1563)

- O Were you liable for filing forms 1096 and 1099 or 1087 for the calendar year 1967? Yes ☒ No ☐

If "Yes," where were they filed?

Illinois

- P Was there any substantial change in the manner of determining quantities, costs, or valuations between opening and closing inventory? Yes ☐ No ☒

If "Yes," attach explanation.

- Q Did you pay dividends during the taxable year which you considered to be partially or wholly non-taxable to the shareholders? Yes ☐ No ☒
 (See sections 301 and 316. If this is a consolidated return, answer here for parent corporation and on Form 951, Affiliations Schedule, for each subsidiary.)

- R Were you a U.S. shareholder of any controlled foreign corporation? Yes ☐ No ☒ (See sections 951 and 957.) If "Yes," attach Form 3546 for each such corporation.

40-10-70-2-1

4 Total of lines 1, 2, and 3

23214.05

7 Total of lines 5 and 6

8 Balance at end of year (line 4 less 7)

23214.05

GOVERNMENT EXHIBIT 6 — Tax Return Form 1120.

Form 1120 (1967)

Schedule L—BALANCE SHEETS

Page 4

ASSETS	Beginning of taxable year		End of taxable year	
	(A) Amount	(B) Total	(C) Amount	(D) Total
1 Cash		12740.21		23581.42
2 Trade notes and accounts receivable			6910.00	6910.00
(a) Less allowance for bad debts				
3 Inventories				
4 Gov't obligations (a) U.S. and instrumentalities				
(b) State, subdivisions thereof, etc.				
5 Other current assets (attach schedule)				
6 Loans to stockholders				
7 Mortgage and real estate loans				
8 Other investments (attach schedule)				
9 Buildings and other fixed depreciable assets			10857.84	
(a) Less accumulated depreciation			2101.49	8756.35
10 Depletable assets				
(a) Less accumulated depletion				
11 Land (net of any amortization)				
12 Intangible assets (amortizable only)				
(a) Less accumulated amortization				
13 Other assets (attach schedule) <i>Supplies</i>		179.74		179.74
14 Total assets		12919.95		39427.51
LIABILITIES AND CAPITAL				
15 Accounts payable <i>COMMISSIONS</i>		6598.84		
16 Mtgs., notes, bonds payable in less than 1 yr.				
17 Other current liabilities (attach schedule)		16.95		9997.04
18 Loans from stockholders				
19 Mtgs., notes, bonds payable in 1 yr. or more				
20 Other liabilities (attach schedule)		186.74		750.00
21 Capital stock (a) Preferred stock				
(b) Common stock		5466.42		5466.42
22 Paid in or capital surplus (attach reconciliation)				
23 Retained earnings—Appropriated (attach sch.)				
24 Retained earnings—Unappropriated		521.00		23214.05
25 Less cost of treasury stock				
26 Total liabilities and capital		12919.95		39427.51

Schedule M-1—RECONCILIATION OF INCOME PER BOOKS WITH INCOME PER RETURN

1 Net income per books	22693.05	7 Income recorded on books this year not included in this return (itemize)	
2 Federal income tax	9913.99	(a) Tax-exempt interest \$	
3 Excess of capital losses over capital gains			
4 Taxable income not recorded on books this year (itemize)		8 Deductions in this tax return not charged against book income this year (itemize)	
5 Expenses recorded on books this year not deducted in this return (itemize)		(a) Depreciation \$	
(a) Depreciation \$		(b) Depletion \$	
(b) Depletion \$			
6 Total of lines 1 through 5	32607.04	9 Total of lines 7 and 8	32607.04
		10 Income (line 28, page 1)—line 6 less 9	

Schedule M-2—ANALYSIS OF UNAPPROPRIATED RETAINED EARNINGS PER BOOKS (line 24, page 4)

1 Balance at beginning of year	521.00	5 Distributions (a) Cash	
2 Net income per books	22693.05	(b) Stock	
3 Other increases (itemize)		(c) Property	
		6 Other decreases (itemize)	
4 Total of lines 1, 2, and 3	23214.05	7 Total of lines 5 and 6	
		8 Balance at end of year (line 4 less 7)	23214.05

GOVERNMENT EXHIBIT 6 — Tax Return Form 1120.

PRESTIGE REALTY OF THE CAPITAL DISTRICT COAR
 1011 STATE ST SCHENECTADY NY.
 FISCAL YEAR - NOV 1, 1967 ~ OCT 31, 1968 #14-1491255

FORM 1120.

Page 1, Line 26.

Legal & Accounting Costs	\$ 1325.50
INSURANCES	1883.66
Sales Cars Maintenance	5216.07
Sales Promotion, Entertainment & Travel	6396.62
Miscellaneous Costs	1149.58
OFFICE COSTS	9191.92
DUES & SUBSCRIPTIONS	1367.28
LICENSES	139.00
Realty Board Commissions	727.28
Realty Board Services	463.50
BANK Charges & FNA Applications	2335.00
FICA TAX Expense	423.74
	<u>30619.15</u>

Page 4

LINE 17 -- INCOME TAX Payable	991399
Payroll Taxes Payable	13.05
Escrow Payable	78.00
	<u>9997.04</u>

LINE 20 -- Legal Costs Payable 750.00

GOVERNMENT EXHIBIT 6 — Tax Return Form 1120.

Form 1120-FY

U.S. Treasury Department
Internal Revenue Service**Corporation Fiscal Year Tax
Computation Schedule****FY
1967-68**

To be used instead of the Tax Computation Schedule on Forms 1120, 1120-F, 990-C, and 990-T (Trusts see page 2)

Name Prestige Realty of the Capitol District Corp. Employer Identification No. 14-1491255

Number and street 1011 State Street

City or town, State, and ZIP code Schenectady, New York 12307

Taxable year beginning November 1, 1967, and ending October 31, 1968

1. Taxable income { 1120, page 1, line 30 - 1120-F, page 3, line 30 990-C, page 1, line 32 990-T, page 2, line 31 }	32607.04
2. Surtax exemption (line 1, \$25,000, or amount apportioned under section 1561, whichever is lesser)	25000.00
3. Line 1 less line 2	7607.04
4. (a) 22% of line 1	1713.55
(b) 26% of line 3	1977.83
(c) If multiple surtax exemption is elected under section 1562, enter 6% of line 2	9151.38
5. (a) Income tax (line 4 or line 26 of separate Schedule D, whichever is lesser)	9151.38
(b) Tax Surcharge—Multiply line 5(a) by the applicable rate in instruction 4	762.61
6. Foreign tax credit (attach Form 1118)—See instruction 5	9913.99
7. Line 5 less line 6	9913.99
8. Investment credit (attach Form 3468)—See instruction 5	9913.99
9. Line 7 less line 8	9913.99
10. (a) Personal holding company tax (attach Schedule 1120 PH)	
(b) Tax Surcharge—Multiply line 10(a) by the applicable rate in instruction 4	
11. Tax from recomputing a prior year investment credit (attach computation)	
12. Total tax—Add lines 9, 10, and 11. Enter { 1120, page 1, line 31 1120-F, page 1, line 2 (disregard line 3) 990-C, page 1, line 33 990-T, page 1, line 18 }	9913.99

NOTE: Corporations which have filed their income tax return without considering the tax surcharge, complete lines 13 and 14 to determine the additional tax due (additional liability arising from the surcharge). See instruction 1.

13. Total tax liability shown on return as previously filed (Specify type return you filed)	{ 1120, page 1, line 31 1120-F, page 1, sum of lines 2 and 3 990-C, page 1, line 33 990-T, page 1, line 18 }
14. Additional tax due—Line 12 less line 13	

If you have filed your return without considering the surcharge, have you applied for a refund as a result of the carryback of an unused investment credit or foreign tax credit? Yes ☐ No ☐ If "Yes," check the type form you filed. Form 1139 ☐ Form 843 ☐ Amended return (specify) ☐.

No signature necessary if this form is attached to your income tax return

Under penalties of perjury, I declare that I have examined this form, including any accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete. If prepared by a person other than taxpayer, his declaration is based on all information of which he has any knowledge.

CORPORATE
SEAL

Date

Signature of officer

Title

Date

Individual or firm signature of preparer

Address

GOVERNMENT EXHIBIT 6 - Tax Return Form 1120

Fiscal Year Tax Computation Schedule for Trusts Filing Form 990-T (Trusts taxable at individual rates)

1. Unrelated business taxable income (line 31, page 2 of Form 990-T)	
2. Tax computed on amount on line 1 (from Tax Rate Schedule in instruction 6)	
3. If alternative tax computation is made in a separate statement, enter such tax here	
4. Line 2 or line 3, whichever is lesser	
5. Tax Surcharge—Multiply line 4 by the applicable rate in instruction 7	
6. Total income tax (line 4 plus line 5)	
7. Less: (a) Foreign tax credit (attach Form 1116)	
(b) Investment credit (attach Form 3468)	
8. Line 6 less line 7	
9. Tax from recomputing a prior year investment credit (attach computation)	
10. Total income tax (line 8 plus line 9). Enter here and on line 18, page 1 of Form 990-T	

1. Who must use Form 1120-FY.—Corporations with taxable years beginning in 1967 and ending in 1968 and trusts taxable at individual rates with taxable years beginning in 1967 and ending after March 31, 1968 must use this form instead of the Tax Computation Schedule on Forms 1120-F, 990-C, and 990-T.

Form 1120-FY must be attached to your income tax return. Taxpayers which have filed their return without considering the surcharge do not have to file an amended return but must complete Form 1120-FY and send it to Internal Revenue at the time they pay their additional tax due (see instruction 2).

2. Due date for payment of Tax Surcharge.—Taxpayers with taxable years ending before June 30, 1968, have until September 16, 1968, to pay the additional tax arising from the tax surcharge. (Taxpayers with taxable years ending June 30 and later must pay the entire amount of tax due, including the surcharge, by the regular due date.)

The additional liability will not necessarily be the exact amount of the tax surcharge. For some taxpayers, the surcharge will increase the investment credit or foreign tax credit. In such cases, the additional liability will be less than the amount of the surcharge.

Corporations must deposit the additional tax with an authorized commercial bank or a Federal Reserve Bank. A Federal Tax Deposit Form 503 must accompany this deposit.

In the case of corporations electing to pay their final tax in two installments, if the first installment is due before September 16 and the second installment is due after that date, one-half of the additional tax arising from the surcharge must be paid by September 16. The remaining one-half due is to be paid as part of the second installment on the due date for that installment. (This will apply only to those taxable years ending on April 30 or May 31, 1968.)

3. Trusts filing Form 990-T.—Trusts taxable at individual rates use the tax computation schedule above.

4. Tax Surcharge for Corporations.—The 10% tax surcharge for corporations is effective January 1, 1968. The surcharge may be computed using the following formula:

$$\text{Amount on line 5} \times 10\% \times \frac{\text{No. days in taxable year after 12/31/67}}{\text{No. days in taxable year}}$$

At the option of the corporation, the surcharge may be computed by multiplying lines 5(a) and 10(a) by the applicable rate in the following table.

Taxable Year		Applicable rate
Beginning in 1967	Ending in 1968	
Feb. 1	Jan. 31	0048445
Mar. 1	Feb. 29	0167944
Apr. 1	Mar. 31	0246439
May 1	Apr. 30	0346011
June 1	May 31	0416005
July 1	June 30	0467967
Aug. 1	July 31	0519672
Sept. 1	Aug. 31	0566667
Oct. 1	Sept. 30	0616639
Nov. 1	Oct. 31	0661633
Dec. 1	Nov. 30	0691605

Corporations having a 52-53 week taxable year must use the formula to compute their surcharge.

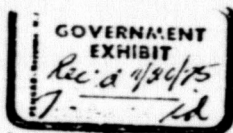
5. Computation of investment credit and foreign tax credit.—In determining the limitation on the amount of the allowable investment credit and foreign tax credit, the term "tax" includes the amount of tax surcharge shown on line 5.

Taxpayers which have filed their return without considering the surcharge do not have to attach Form 1118 or 3468 unless the credit has increased as a result of the tax surcharge.

6. Tax Rate Schedule for Trusts Taxable at Individual Rates

If amount on line 1 is:	Enter on line 2:
Not over \$500	14% of the amount on line 1
Over	
\$500 but not over \$1,000	\$70 + 15% of excess over \$500
\$1,000 but not over \$1,500	\$145 + 16% of excess over \$1,000
\$1,500 but not over \$2,000	\$225 + 17% of excess over \$1,500
\$2,000 but not over \$2,500	\$310 + 18% of excess over \$2,000
\$2,500 but not over \$3,000	\$400 + 19% of excess over \$2,500
\$3,000 but not over \$3,500	\$495 + 20% of excess over \$3,000
\$3,500 but not over \$4,000	\$595 + 21% of excess over \$3,500
\$4,000 but not over \$4,500	\$695 + 22% of excess over \$4,000
\$4,500 but not over \$5,000	\$795 + 23% of excess over \$4,500
\$5,000 but not over \$5,500	\$895 + 24% of excess over \$5,000
\$5,500 but not over \$6,000	\$995 + 25% of excess over \$5,500
\$6,000 but not over \$6,500	\$1,095 + 26% of excess over \$6,000
\$6,500 but not over \$7,000	\$1,195 + 27% of excess over \$6,500
\$7,000 but not over \$7,500	\$1,295 + 28% of excess over \$7,000
\$7,500 but not over \$8,000	\$1,395 + 29% of excess over \$7,500
\$8,000 but not over \$8,500	\$1,495 + 30% of excess over \$8,000
\$8,500 but not over \$9,000	\$1,595 + 31% of excess over \$8,500
\$9,000 but not over \$9,500	\$1,695 + 32% of excess over \$9,000
\$9,500 but not over \$10,000	\$1,795 + 33% of excess over \$9,500
\$10,000 but not over \$10,500	\$1,895 + 34% of excess over \$10,000
\$10,500 but not over \$11,000	\$1,995 + 35% of excess over \$10,500
\$11,000 but not over \$11,500	\$2,095 + 36% of excess over \$11,000
\$11,500 but not over \$12,000	\$2,195 + 37% of excess over \$11,500
\$12,000 but not over \$12,500	\$2,295 + 38% of excess over \$12,000
\$12,500 but not over \$13,000	\$2,395 + 39% of excess over \$12,500
\$13,000 but not over \$13,500	\$2,495 + 40% of excess over \$13,000
\$13,500 but not over \$14,000	\$2,595 + 41% of excess over \$13,500
\$14,000 but not over \$14,500	\$2,695 + 42% of excess over \$14,000
\$14,500 but not over \$15,000	\$2,795 + 43% of excess over \$14,500
\$15,000 but not over \$15,500	\$2,895 + 44% of excess over \$15,000
\$15,500 but not over \$16,000	\$2,995 + 45% of excess over \$15,500
\$16,000 but not over \$16,500	\$3,095 + 46% of excess over \$16,000
\$16,500 but not over \$17,000	\$3,195 + 47% of excess over \$16,500
\$17,000 but not over \$17,500	\$3,295 + 48% of excess over \$17,000
\$17,500 but not over \$18,000	\$3,395 + 49% of excess over \$17,500
\$18,000 but not over \$18,500	\$3,495 + 50% of excess over \$18,000
\$18,500 but not over \$19,000	\$3,595 + 51% of excess over \$18,500
\$19,000 but not over \$19,500	\$3,695 + 52% of excess over \$19,000
\$19,500 but not over \$20,000	\$3,795 + 53% of excess over \$19,500
\$20,000 but not over \$20,500	\$3,895 + 54% of excess over \$20,000
\$20,500 but not over \$21,000	\$3,995 + 55% of excess over \$20,500
\$21,000 but not over \$21,500	\$4,095 + 56% of excess over \$21,000
\$21,500 but not over \$22,000	\$4,195 + 57% of excess over \$21,500
\$22,000 but not over \$22,500	\$4,295 + 58% of excess over \$22,000
\$22,500 but not over \$23,000	\$4,395 + 59% of excess over \$22,500
\$23,000 but not over \$23,500	\$4,495 + 60% of excess over \$23,000
\$23,500 but not over \$24,000	\$4,595 + 61% of excess over \$23,500
\$24,000 but not over \$24,500	\$4,695 + 62% of excess over \$24,000
\$24,500 but not over \$25,000	\$4,795 + 63% of excess over \$24,500
\$25,000 but not over \$25,500	\$4,895 + 64% of excess over \$25,000
\$25,500 but not over \$26,000	\$4,995 + 65% of excess over \$25,500
\$26,000 but not over \$26,500	\$5,095 + 66% of excess over \$26,000
\$26,500 but not over \$27,000	\$5,195 + 67% of excess over \$26,500
\$27,000 but not over \$27,500	\$5,295 + 68% of excess over \$27,000
\$27,500 but not over \$28,000	\$5,395 + 69% of excess over \$27,500
\$28,000 but not over \$28,500	\$5,495 + 70% of excess over \$28,000
\$28,500 but not over \$29,000	\$5,595 + 71% of excess over \$28,500
\$29,000 but not over \$29,500	\$5,695 + 72% of excess over \$29,000
\$29,500 but not over \$30,000	\$5,795 + 73% of excess over \$29,500
\$30,000 but not over \$30,500	\$5,895 + 74% of excess over \$30,000
\$30,500 but not over \$31,000	\$5,995 + 75% of excess over \$30,500
\$31,000 but not over \$31,500	\$6,095 + 76% of excess over \$31,000
\$31,500 but not over \$32,000	\$6,195 + 77% of excess over \$31,500
\$32,000 but not over \$32,500	\$6,295 + 78% of excess over \$32,000
\$32,500 but not over \$33,000	\$6,395 + 79% of excess over \$32,500
\$33,000 but not over \$33,500	\$6,495 + 80% of excess over \$33,000
\$33,500 but not over \$34,000	\$6,595 + 81% of excess over \$33,500
\$34,000 but not over \$34,500	\$6,695 + 82% of excess over \$34,000
\$34,500 but not over \$35,000	\$6,795 + 83% of excess over \$34,500
\$35,000 but not over \$35,500	\$6,895 + 84% of excess over \$35,000
\$35,500 but not over \$36,000	\$6,995 + 85% of excess over \$35,500
\$36,000 but not over \$36,500	\$7,095 + 86% of excess over \$36,000
\$36,500 but not over \$37,000	\$7,195 + 87% of excess over \$36,500
\$37,000 but not over \$37,500	\$7,295 + 88% of excess over \$37,000
\$37,500 but not over \$38,000	\$7,395 + 89% of excess over \$37,500
\$38,000 but not over \$38,500	\$7,495 + 90% of excess over \$38,000
\$38,500 but not over \$39,000	\$7,595 + 91% of excess over \$38,500
\$39,000 but not over \$39,500	\$7,695 + 92% of excess over \$39,000
\$39,500 but not over \$40,000	\$7,795 + 93% of excess over \$39,500
\$40,000 but not over \$40,500	\$7,895 + 94% of excess over \$40,000
\$40,500 but not over \$41,000	\$7,995 + 95% of excess over \$40,500
\$41,000 but not over \$41,500	\$8,095 + 96% of excess over \$41,000
\$41,500 but not over \$42,000	\$8,195 + 97% of excess over \$41,500
\$42,000 but not over \$42,500	\$8,295 + 98% of excess over \$42,000
\$42,500 but not over \$43,000	\$8,395 + 99% of excess over \$42,500
\$43,000 but not over \$43,500	\$8,495 + 100% of excess over \$43,000
\$43,500 but not over \$44,000	\$8,595 + 101% of excess over \$43,500
\$44,000 but not over \$44,500	\$8,695 + 102% of excess over \$44,000
\$44,500 but not over \$45,000	\$8,795 + 103% of excess over \$44,500
\$45,000 but not over \$45,500	\$8,895 + 104% of excess over \$45,000
\$45,500 but not over \$46,000	\$8,995 + 105% of excess over \$45,500
\$46,000 but not over \$46,500	\$9,095 + 106% of excess over \$46,000
\$46,500 but not over \$47,000	\$9,195 + 107% of excess over \$46,500
\$47,000 but not over \$47,500	\$9,295 + 108% of excess over \$47,000
\$47,500 but not over \$48,000	\$9,395 + 109% of excess over \$47,500
\$48,000 but not over \$48,500	\$9,495 + 110% of excess over \$48,000
\$48,500 but not over \$49,000	\$9,595 + 111% of excess over \$48,500
\$49,000 but not over \$49,500	\$9,695 + 112% of excess over \$49,000
\$49,500 but not over \$50,000	\$9,795 + 113% of excess over \$49,500
\$50,000 but not over \$50,500	\$9,895 + 114% of excess over \$50,000
\$50,500 but not over \$51,000	\$9,995 + 115% of excess over \$50,500
\$51,000 but not over \$51,500	\$10,095 + 116% of excess over \$51,000
\$51,500 but not over \$52,000	\$10,195 + 117% of excess over \$51,500
\$52,000 but not over \$52,500	\$10,295 + 118% of excess over \$52,000
\$52,500 but not over \$53,000	\$10,395 + 119% of excess over \$52,500
\$53,000 but not over \$53,500	\$10,495 + 120% of excess over \$53,000
\$53,500 but not over \$54,000	\$10,595 + 121% of excess over \$53,500
\$54,000 but not over \$54,500	\$10,695 + 122% of excess over \$54,000
\$54,500 but not over \$55,000	\$10,795 + 123% of excess over \$54,500
\$55,000 but not over \$55,500	\$10,895 + 124% of excess over \$55,000
\$55,500 but not over \$56,000	\$10,995 + 125% of excess over \$55,500
\$56,000 but not over \$56,500	\$11,095 + 126% of excess over \$56,000
\$56,500 but not over \$57,000	\$11,195 + 127% of excess over \$56,500
\$57,000 but not over \$57,500	\$11,295 + 128% of excess over \$57,000
\$57,500 but not over \$58,000	\$11,395 + 129% of excess over \$57,500
\$58,000 but not over \$58,500	\$11,495 + 130% of excess over \$58,000
\$58,500 but not over \$59,000	\$11,595 + 131% of excess over \$58,500
\$59,000 but not over \$59,500	\$11,695 + 132% of excess over \$59,000
\$59,500 but not over \$60,000	\$11,795 + 133% of excess over \$59,500
\$60,000 but not over \$60,500	\$11,895 + 134% of excess over \$60,000
\$60,500 but not over \$61,000	\$11,995 + 135% of excess over \$60,500
\$61,000 but not over \$61,500	\$12,095 + 136% of excess over \$61,000
\$61,500 but not over \$62,000	\$12,195 + 137% of excess over \$61,500
\$62,000 but not over \$62,500	\$12,295 + 138% of excess over \$62,000
\$62,500 but not over \$63,000	\$12,395 + 139% of excess over \$62,500
\$63,000 but not over \$63,500	\$12,495 + 140% of excess over \$63,000
\$63,500 but not over \$64,000	\$12,595 + 141% of excess over \$63,500
\$64,000 but not over \$64,500	\$12,695 + 142% of excess over \$64,000
\$64,500 but not over \$65,000	\$12,795 + 143% of excess over \$64,500
\$65,000 but not over \$65,500	\$12,895 + 144% of excess over \$65,000
\$65,500 but not over \$66,000	\$12,995 + 145% of excess over \$65,500
\$66,000 but not over \$66,500	\$13,095 + 146% of excess over \$66,000
\$66,500 but not over \$67,000	\$13,195 + 147% of excess over \$66,500
\$67,000 but not over \$67,500	\$13,295 + 148% of excess over \$67,000
\$67,500 but not over \$68,000	\$13,395 + 149% of excess over \$67,500
\$68,000 but not over \$68,500	\$13,495 + 150% of excess over \$68,000
\$68,500 but not over \$69,000	\$13,595 + 151% of excess over \$68,500
\$69,000 but not over \$69,500	\$13,695 + 152% of excess over \$69,000
\$69,500 but not over \$70,000	\$13,795 + 153% of excess over \$69,500
\$70,000 but not over \$70,500	\$13,895 + 154% of excess over \$70,000
\$70,500 but not over \$71,000	\$13,995 + 155% of excess over \$70,500
\$71,000 but not over \$71,500	\$14,095 + 156% of excess over \$71,000
\$71,500 but not over \$72,000	\$14,195 + 157% of excess over \$71,500
\$72,000 but not over \$72,500	\$14,295 + 158% of excess over \$72,000
\$72,500 but not over \$73,000	\$14,395 + 159% of excess over \$72,500
\$73,000 but not over \$73,500	\$14,495 + 160% of excess over \$73,000
\$73,500 but not over \$74,000	\$14,595 + 161% of excess over \$73,500
\$74,000 but not over \$74,500	\$14,695 + 162% of excess over \$74,000
\$74,500 but not over \$75,000	\$14,795 + 163% of excess over \$74,500
\$75,000 but not over \$75,500	\$14,895 + 164% of excess over \$75,000
\$75,500 but not over \$76,000	\$14,995 + 165% of excess over \$75,500
\$76,000 but not over \$76,500	\$15,095 + 166% of excess over \$76,000
\$76,500 but not over \$77,000	\$15,195 + 167% of excess over \$76,500
\$77,000 but not over \$77,500	\$15,295 + 168% of excess over \$77,000
\$77,500 but not over \$78,000	\$15,395 + 169% of excess over \$77,500
\$78,000 but not over \$78,500	\$15,495 + 170% of excess over \$78,000
\$78,500 but not over \$79,000	\$15,595 + 171% of excess over \$78,500
\$79,000 but not over \$79,500	\$15,695 + 172% of excess over \$79,000
\$79,500 but not over \$80,000	\$15,795 + 173% of excess over \$79,500
\$80,000 but not over \$80,500	\$15,895 + 174% of excess over \$80,000
\$80,500 but not over \$81,000	\$15,995 + 175% of excess over \$80,500
\$81,000 but not over \$81,500	\$16,095 + 176% of excess over \$81,000
\$81,500 but not over \$82,000	\$16,195 + 177% of excess over \$81,500
\$82,000 but not over \$82,500	\$16,295 + 178% of excess over \$82,000
\$82,500 but not over \$83,000	\$16,395 + 179% of excess over \$82,500
\$83,000 but not over \$83,500	\$16,495 + 180% of excess over \$83,000
\$83,500 but not over \$84,000	\$16,595 + 181% of excess over \$83,500
\$84,000 but not over \$84,500	\$16,695 + 182% of excess over \$84,000
\$84,500 but not over \$85,000	\$16,795 + 183% of excess over \$84,500
\$85,000 but not over \$85,500	\$16,895 + 184% of excess over \$85,000
\$85,500 but not over \$86,000	\$16,995 + 185% of excess over \$85,500
\$86,000 but not over \$86,500	\$17,095 + 186% of excess over \$86,000
\$86,500 but not over \$87,000	\$17,195 + 187% of excess over \$86,500
\$87,000 but not over \$87,500	\$17,295 + 188% of excess over \$87,000
\$87,500 but not over \$88,000	\$17,395 + 189% of excess over \$87,500
\$88,000 but not over \$88,500	\$17,495 + 190% of excess over \$88,000
\$88,500 but not over \$89,000	\$17,595 + 191% of excess over \$88,500
\$89,000 but not over \$89,500	\$17,695 + 192% of excess over \$89,000
\$89,500 but not over \$90,000	\$17,795 + 193% of excess over \$89,500
\$90,000 but not over \$90,500	\$17,895 + 194% of excess over \$90,000
\$90,500 but not over \$91,000	\$17,995 + 195% of excess over \$90,500
\$91,000 but not over \$91,500	\$18,095 + 196% of excess over \$91,000
\$91,500 but not over \$92,000	\$18,195 + 197% of excess over \$91,500
\$92,000 but not over \$92,500	\$18,295 + 198% of excess over \$92,000
\$92,500 but not over \$93,000	\$18,395 + 199% of excess over \$92,500
\$93,000 but not over \$93,500	\$18,495 + 200% of excess over \$93,000
\$93,500 but not over \$94,000	\$18,595 + 201% of excess over \$93,500
\$94,000 but not over \$94,500	\$18,695 + 202% of excess over \$94,000
\$94,500 but not over \$95,000	\$18,795 + 203% of excess over \$94,500
\$95,000 but not over \$95,500	\$18,895 + 204% of excess over \$95,000
\$95,500 but not over \$96,000	\$18,995 + 205% of excess over \$95,500
\$96,000 but not over \$96,500	\$19,095 + 206% of excess over \$96,000
\$96,500 but not over \$97,000	\$19,195 + 207% of excess over \$96,500
\$97,000 but not over \$97,500	\$19,295 + 208% of excess over \$97,000
\$97,500 but not over \$98,000	\$19,395 + 209% of excess over \$97,500
\$98,000 but not over \$98,500	\$19,495 + 210% of excess over \$98,000
\$98,500 but not over \$99,000	\$19,595 + 211% of excess over \$98,500
\$99,000 but not over \$99,500	\$19,695 + 212% of excess over \$99,000
\$99,500 but not over \$100,000	\$19,795 + 213% of excess over \$99,500
\$100,000 but not over \$100,500	\$19,895 + 214% of excess over \$100,000
\$100,500 but not over \$101,000	\$19,995 + 215% of excess over \$100,500
\$101,000 but not over \$101,500	\$20,095 + 216% of excess over \$101,000
\$101,500 but not over \$102,000	\$20,195 + 217% of excess over \$101,500
\$102,000 but not over \$102,500	\$20,295 + 218% of excess over \$102,000
\$102,500 but not over \$103,000	\$20,395 + 219% of excess over \$102,500
\$103,000 but not over \$103,500	\$20,495 + 220% of excess over \$103,000
\$103,500 but not over \$104,000	\$20,595 + 221% of excess over \$103,500
\$104,000 but not over \$104,500	\$20,695 + 222% of excess over \$104,000
\$104,500 but not over \$105,000	\$20,795 + 223% of excess over \$104,500
\$105,000 but not over \$105,500	\$20,895 + 224% of excess over \$105,000
\$105,500 but not over \$106,000	\$20,995 + 225% of excess over \$105,500
\$106,000 but not over \$106,500	\$21,095 + 226% of excess over \$106,000
\$106,500 but not over \$107,000	\$21,195 + 227% of excess over \$106,500
\$107,000 but not over \$107,500	\$21,295 + 228% of excess over \$107,000
\$107,500 but not over \$108,000	\$21,395 + 229% of excess over \$107,500
\$108,000 but not over \$108,500	\$21,495 + 230% of excess over \$108,000
\$108,500 but not over \$109,000	\$21,595 + 231% of excess over \$108,500
\$109,000 but not over \$109,500	\$21,695 + 232% of excess over \$109,000
\$109,500 but not over \$110,000	\$21,795 + 233% of excess over \$109,500
\$110,000 but not over \$110,500	\$21,895 + 234% of excess over \$110,000
\$110,500 but not over \$111,000	\$21,995 + 235% of excess over \$110,500
\$111,000 but not over \$111,500	\$22,095 + 236% of excess over \$111,000
\$111,500 but not over \$112,000	\$22,195 + 237% of excess over \$111,500
\$112,000 but not over \$112,500	\$22,295 + 238% of excess over \$112,000
\$112,500 but not over \$113,000	\$22,395 + 239% of excess over \$112,500
\$113,000 but not over \$113,500	\$22,495 + 240% of excess over \$113,000
\$113,500 but not over \$114,000	\$22,595 + 241% of excess over \$113,500
\$114,000 but not over \$114,500	\$22,695 + 242% of excess over \$114,000
\$114,500 but not over \$115,000	\$22,795 + 243% of excess over \$114,500
\$115,000 but not over \$115,500	\$22,895 + 244% of excess over \$115,000
\$115,500 but not over \$116,000	\$22,995 + 245% of excess over \$115,500
\$116,000 but not over \$116,500	\$23,095 + 246% of excess over \$116,000
\$116,500 but not over \$117,000	\$23,195 + 247% of excess over \$116,500
\$117,000 but not over \$117,500	\$23,295 + 248% of excess over \$117,000
\$117,500 but not over \$118,000	\$23,395 + 249% of excess over \$117,500
\$118,000 but not over \$118,500	\$23,495 + 250% of excess over \$118,000
\$118,500 but not over \$119,000	\$23,595 + 251% of excess over \$118,500
\$119,000 but not over \$119,500	\$23,695 + 252% of excess over \$119,000
\$119,500 but not over \$120,000	\$23,795 + 253% of excess over \$119,500
\$120,000 but not over \$120,500	\$23,895

GOVERNMENT EXHIBIT 7 - Tax Return Form 1120.



Form **1120**
Department of the Treasury
Internal Revenue Service

U.S. Corporation Income Tax Return 06601000
For calendar year 1969 or other taxable year beginning
NOV. 1, 1969, ending OCT. 31, 1969
(PLEASE TYPE OR PRINT)

Check if a—
A Consolidated return ☐
B Personal holding Co. ☐
C Business Code No. (see page 7 of instructions) **6591**

Name **PEPPER REALTY OF THE CAPITAL DISTRICT CORP.**
1011 STATE STREET
SCHENECTADY, NEW YORK 12307

Employer Identification No. **14-1436554**
County in which located **SCHENECTADY**
Enter total assets from line 14, column (D), Schedule L (See instruction R) **\$ 53143.**

IMPORTANT—Fill in all applicable lines and schedules. If the lines on the schedules are not sufficient, see instruction N.

GROSS INCOME	1 Gross receipts or gross sales 237,401.18	Less: Returns and allowances 125.00	237,276.18
	2 Less: Cost of goods sold (Schedule A) and/or operations (attach schedule)		116,737.38
	3 Gross profit		120,538.80
	4 Dividends (Schedule C)		
	5 Interest on obligations of the United States and U.S. instrumentalities		
	6 Other interest		287.22
	7 Gross rents		
	8 Gross royalties		
	9 Net gains (losses)—(separate Schedule D)		
	10 Other income (attach schedule)		
	11 TOTAL income—Add lines 3 through 10		121,342.02
DEDUCTIONS	12 Compensation of officers (Schedule E)		221,527.57
	13 Salaries and wages (not deducted elsewhere)		185,555.10
	14 Repairs (do not include capital expenditures)		2.57
	15 Bad debts (Schedule F if reserve method is used)		
	16 Rents		3025.00
	17 Taxes (attach schedule)		4094.28
	18 Interest		
	19 Contributions (not over 5% of line 28 adjusted per instructions—attach schedule)		
	20 Casualty or theft losses (attach schedule)		
	21 Amortization (attach schedule)		
	22 Depreciation (Schedule G)		2101.49
	23 Depletion		
	24 Advertising		20504.84
	25 (a) Pension, profit-sharing, stock bonus, annuity plans (attach Form 2950)		
	(b) Other employee benefit plans (see instructions)		
	26 Other deductions (attach schedule)		27,981.21
	27 TOTAL deductions on lines 12 through 26		98,319.24
	28 Taxable income before net operating loss deduction and special deductions (line 11 less line 27)		23,022.78
	29 Less: (a) Net operating loss deduction (see instructions—attach schedule)		
(b) Special deductions (Schedule I)			
30 Taxable income (line 28 less line 29)		23,022.78	
31 TOTAL TAX (Schedule J)		5576.25	
32 Credits: (a) Tax deposited—Form 7004 application for extension (attach copy)			
(b) 1969 estimated tax payments (include 1968 overpayment allowed as a credit—do not include any "quick refund" of overpayment of 1969 estimated tax applied for on Form 4465)			
(c) Credit from regulated investment companies (attach Form 2439)			
(d) Credit for U.S. tax on nonhighway gas and lubric oil (attach Form 4136)			
33 TAX DUE (line 31 less line 32). See instruction G for tax deposit system		5576.25	
34 OVERPAYMENT (line 32 less line 31)			
35 Enter amount of line 34 you want: Credited to 1970 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>			

For penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete. If prepared by a person other than the taxpayer, this declaration is based on all information of which he has any knowledge.

DATE **2/27/70** BY **W. S. Adams** **DRUM**

CORPORATE SEAL

GOVERNMENT EXHIBIT 7 - Tax Return Form 1120

Form 1120-10 (1964)

- 2

Schedule A—COST OF GOODS SOLD (See instruction 2)

1 Inventory at beginning of year	
2 Merchandise bought for manufacture or sale	
3 Salaries and wages	
4 Other costs (attach schedule)	116737.25
5 Total	116737.30
6 Less inventory at end of year	
7 Cost of goods sold—Enter on line 2, page 1	116737.30

Method of inventory valuation

Was there any substantial change in the manner of determining quantities, costs, or valuations between opening and closing inventory?
 Yes ☐ No ☐ If "Yes," attach explanation.

Schedule C—DIVIDENDS (See instruction 4)

1 Domestic corporations subject to 85% deduction	
2 Certain preferred stock of public utilities	
3 Foreign corporations subject to 85% deduction	
4 Dividends from wholly owned foreign subsidiaries subject to 100% deduction (section 245(b))	
5 Other dividends from foreign corporations	
6 Includable income from controlled foreign corporations (Subpart F, attach Form 3646)	
7 Foreign dividend gross up (section 78)	
8 Qualifying dividends from affiliated groups (section 243(b))	
9 Other	
10 Total—Enter here and on line 4, page 1	

Schedule E—COMPENSATION OF OFFICERS (See instruction 12)

1 Name of officer	2 Social security number	3 Title	4 Base salary or compensation	5 Other compensation	6 Accumulated compensation	7 Expense account allowances
Warren J. Deane	074-02103	Treas.	22.5	—	1810.45	
Margaret Deane	074-16-848	Sec.	22.5	100.00	342.00	

Total compensation of officers—Enter here and on line 12, page 1

2212.45

Schedule F—BAD DEBTS—RESERVE METHOD (See instruction 15)

1 Year	2 Trade bills and accounts receivable outstanding at end of year	3 Reserve account	4 Current year provision	5 Recoveries	6 Amount charged against reserve	7 Reserve for bad debts at end of year
1964						
1965						
1966						
1967						
1968						
1969						

Schedule G—DEPRECIATION (See instructions for Schedule G)

Taxpayers using Revenue Procedures 62-21 and 62-113. Make no entry in column 2; enter the cost on other basis of assets held at end of year in column 3; and enter the accumulated depreciation at end of year in column 4.

1 Group and guideline class or description of property	2 Date acquired	3 Cost or other basis	4 Depreciation allowed or allowable in 1969	5 Method of depreciation	6 Linear rate	7 Depreciation for 1969
1 Total additional first year depreciation (do not include in items below)						
Buildings						
Furniture and fixtures						
Transportation equipment	1964-68	20492.00	4000.00	SL	341	2000.00
Machinery and other equipment	1168	1014.00	101.49	SL	164	121.49
Other (specify)						
2 Totals						2101.49
3 Less amount of depreciation claimed in Schedule A and elsewhere on return						
4 Balance—Enter here and on line 22, page 1						2101.49

Schedule H—SUMMARY OF DEPRECIATION

	Straightline	Declining balance	Sum of the years' digits	Units of production	Additional first year depreciation (179)	Other (specify)	Total
1 Under Reg. Rules 62-21 and 62-113							
2 Other							

e20-10-50-10-1

e20-10-50-10-1

4 Total of lines 1, 2, and 3	40690.49	8 Balance at end of year (line 4 less 7)	40690.49
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e20-10-50-10-1

GOVERNMENT EXHIBIT 7 — Tax Return Form 1120.

Form 1120, 1969

Page 3

Schedule I—SPECIAL DEDUCTIONS

- 1 (a) 85% of line 1, Schedule C
 (b) 62.462% of line 2, Schedule C (Fiscal year corporations, see page 6 of instructions)
 (c) 85% of line 3, Schedule C
 (d) 100% of line 4, Schedule C
 2 Total—May not exceed 85% of (line 28, page 1, less the sum of lines 3 and 5 of this schedule). The 85% limitation does not apply to a year in which a net operating loss occurs
 3 100% of line 8, Schedule C
 4 Dividends paid on certain preferred stock of public utilities (see instructions)
 5 Western Hemisphere trade corporations (see instructions)
 6 Total special deductions—Add lines 2 through 5. Enter here and on line 29(b), page 1

Schedule J—TAX COMPUTATION (Fiscal year corporations, see page 6 of instructions)

- 1 Taxable Income (line 30, page 1) 230,422
 2 Surtax exemption (line 1, \$25,000, or amount apportioned under section 1561, whichever is lesser) 22,462
 3 Line 1 less line 2 506,941
 4 (a) 22% of line 1 506,941
 (b) 26% of line 3
 (c) If multiple surtax exemption is elected under section 1562, enter 6% of line 2
 5 (a) Income tax (line 4, or line 24 of separate Schedule, whichever is lesser) 506,941
 (b) Tax Surcharge—10% of line 5(a) 50,694
 6 Foreign tax credit (attach Form 1118) 3,376.35
 7 Line 5 less line 6 557,635
 8 Investment credit (attach Form 3468)
 9 Line 7 less line 8 557,635
 10 (a) Personal holding company tax (attach Schedule 1120 PH)
 (b) Tax Surcharge—10% of line 10(a)
 11 Tax from recomputing a prior year investment credit (attach Form 4255)
 12 Total tax—Add lines 9, 10, and 11. Enter here and on line 31, page 1 557,635

Schedule K—RECORD OF FORM 503 FEDERAL TAX DEPOSITS (List deposits in order of date made—See instruction G)

Serial number of Form 503	Date of deposit	Amount	Serial number of Form 503	Date of deposit	Amount	Serial number of Form 503	Date of deposit	Amount

- G Date incorporated 11/65
 H (1) Did you at the end of the taxable year own directly or indirectly 50% or more of the voting stock of a domestic corporation? Yes ☐ No ☒
 (2) Did any corporation, individual, partnership, trust, or association at the end of the taxable year own directly or indirectly 50% or more of your voting stock? Yes ☐ No ☒
 (For rules of attribution, see section 267(c).)
 If the answer to (1) or (2) is "Yes," attach a schedule showing:
 (a) name, address, and identifying number; and
 (b) percentage owned.
 If the answer to (1) above is "Yes," also show the taxable income (or loss) from line 30, page 1, Form 1120 of such corporation for the taxable year ending with or within your taxable year.
 I Did you have any contracts or subcontracts subject to the Renegotiation Act of 1951? Yes ☐ No ☒ If "Yes," enter the aggregate gross dollar amount billed during the year.
 J Did you claim a deduction for expenses connected with: Yes No
 (1) Entertainment facility (boat, resort, ranch, etc.)? ☐ ☒
 (2) Living accommodations (except employees on business)? ☐ ☒
 (3) Employees' families at conventions or meetings? ☐ ☒
 (4) Employee or family vacations not reported on Form W-2? ☐ ☒
 K (a) Were you a U.S. shareholder of any controlled foreign corporation? Yes ☐ No ☒
 (b) If "Yes," where were they filed? Albany
 (c) Were you a U.S. shareholder of any controlled foreign corporation? Yes ☐ No ☒
 (See sections 951 and 957.) If "Yes," attach Form 3646 for each such corporation.
 L Refer to page 7 of instructions and state the principal:
 Business activity Real Estate Sales
 Product or service Residential Homes
 M Were you a member of a controlled group subject to the provisions of:
 (1) Section 1561? Yes ☐ No ☒
 (2) Section 1562? Yes ☐ No ☒
 If answer to (1) or (2) is "Yes," check type of relationship:
 (a) parent subsidiary ☐
 (b) brother-sister ☐
 (c) combination of (a) and (b) ☐ (See section 1563.)
 If answer to (2) is "Yes," does section 1562(b)(1)(A) apply (nonapplication of 6% additional tax under section 1562)? Yes ☐ No ☒
 N Were you liable for filing Forms 1096 and 1099 or 1087 for the calendar year 1969? Yes ☒ No ☐
 If "Yes," where were they filed? Albany
 O Were you ever declared a stock dividend? Yes ☐ No ☒
 P During this taxable year, did you pay dividends (other than stock dividends and distributions in exchange for stock) in excess of your earnings and profits? Yes ☐ No ☒ (See sections 301 and 316.)
 If "Yes," file Schedule A, Form 1099, if this is a consolidated return, or Form 1099-DIV, if this is a separate return, and on Form 991, Attachments Schedule, for each subsidiary.

4 Total of lines 1, 2, and 3 406,882 8 Balance at end of year (line 4 less 7) 406,882

GOVERNMENT EXHIBIT 7 -- Tax Return Form 1120

Form 1120 (1969)

Schedule L--BALANCE SHEETS

Page 4

ASSETS	Beginning of taxable year		End of taxable year	
	(A) Amount	(B) Total	(C) Amount	(D) Total
1 Cash		23581.42		23581.42
2 Trade notes and accounts receivable	6910.00		6910.00	
(a) Less allowance for bad debts	-	6910.00	-	6910.00
3 Inventories				
4 Govt obligations: (a) U.S. and instrumentalities				
(b) State, subdivisions thereof, etc.				
5 Other current assets (attach schedule) <i>Prepaids</i>				681.92
6 Loans to stockholders				
7 Mortgage and real estate loans				
8 Other investments (attach schedule) <i>Cash escrow</i>				7289.32
9 Buildings and other fixed depreciable assets	10857.84		10857.84	
(a) Less accumulated depreciation	2101.49	3756.35	4222.33	6635.51
10 Depreciable assets				
(a) Less accumulated depletion				
11 Land (net of any amortization)				
12 Intangible assets (amortizable only)				
(a) Less accumulated amortization				
13 Other assets (attach schedule) <i>Supplies</i>		179.74		179.74
14 Total assets		39427.91		53143.17
LIABILITIES AND STOCKHOLDERS' EQUITY				
15 Accounts payable				
16 Mtgs., notes, bonds payable in less than 1 yr.				
17 Other current liabilities (attach schedule) <i>Corp Tax Payable</i>		9997.04		9976.35
18 Loans from stockholders				
19 Mtgs., notes, bonds payable in 1 yr. or more		450.00		1419.32
20 Other liabilities (attach schedule)				
21 Capital stock: (a) Preferred stock				
(b) Common stock		5466.42		5466.42
22 Paid-in or capital surplus (attach reconciliation)				
23 Retained earnings--Appropriated (attach sch.)				
24 Retained earnings--Unappropriated		23214.05		40623.42
25 Less cost of treasury stock		()		()
26 Total liabilities and stockholders' equity		39427.91		53143.17

Schedule M-1--RECONCILIATION OF INCOME PER BOOKS WITH INCOME PER RETURN

1 Net income per books	17466.43	7 Income recorded on books this year not included in this return (itemize):	
2 Federal income tax	5572.35	(a) Tax-exempt interest \$	
3 Excess of capital losses over capital gains			
4 Taxable income not recorded on books this year (itemize)			
5 Expenses recorded on books this year not deducted in this return (itemize):		8 Deductions in this tax return not charged against book income this year (itemize):	
(a) Depreciation . . . \$		(a) Depreciation . . . \$	
(b) Depletion . . . \$		(b) Depletion . . . \$	
6 Total of lines 1 through 5	23042.79	9 Total of lines 7 and 8	
		10 Income (line 28, page 1)--line 6 less 9	23214.05

Schedule M-2--ANALYSIS OF UNAPPROPRIATED RETAINED EARNINGS PER BOOKS (line 24 above)

1 Balance at beginning of year	23214.05	5 Distributions: (a) Cash	
2 Net income per books	17466.43	(b) Stock	
3 Other increases (itemize)		(c) Property	
		6 Other decreases (itemize)	
4 Total of lines 1, 2, and 3	40680.48	7 Total of lines 5 and 6	
		8 Balance at end of year (line 4 less 7)	40623.42

GOVERNMENT EXHIBIT 7 - Tax Return Form 1120.

Prestige Realty of the Capital District Corp.
Schedules
October 31, 1969

<u>A. Other Costs - Line 4 - Schedule A - Page 2</u>		
Salemen's Commissions		79,323.22
Other Broker's Commissions		10,310.70
Board Commissions		24,220.00
Board Services		16,864.77
Bank Charges, FHO, etc.		13,650.00
Model home costs, inspection fees, apprais.		20,000.00
Board Costs & Board Dues		10,000.00
Manager's Commissions		10,000.00
Total		<u>116,787.38</u>
<u>B. Other Deductions - Line 26 - Page 1</u>		
Office Expense		10,241.45
Auto Expense		3,383.53
Insurance		4,545.33
Entertainment & Sales Promotion		5,367.70
Legal & Accounting		2,160.24
Supplies & Maintenance		621.20
Broker Application Fee		100.00
Commission To builder		250.00
Club Dues		183.00
Licenses		110.00
Sign Expense		355.00
Miscellaneous		20.00
Total		<u>27,821.31</u>
<u>C. Taxes - Line 17 - Page 1</u>		
Corporation Franchise Tax		28,646.20
Federal Unemployment Tax		29.76
FICA Tax Expense		1,320.22
Total		<u>30,006.18</u>
<u>D. Other - Line 20 - Page 4</u>		
Payroll Taxes Payable		507.12
Excises Payable		70.00
Light Costs Payable		750.00
Total		<u>1,277.12</u>

GOVERNMENT EXHIBIT 7 - Tax Return Form 1120

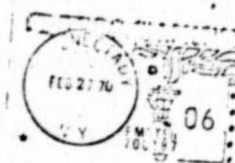
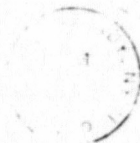
390 14-1491255 OCT 1969

5576 35

3 09 PRESTIGE REALTY OF THE CAPITAL
14 DISTRICT CORP.
PRES 1011 STATE ST
SCHENECTADY N Y 12307

TO THE
1. STATE OF NEW YORK, COUNTY OF ALBANY, CITY OF ALBANY, DISTRICT OF ALBANY, AND DISTRICT OF ALBANY.
2. STATE OF NEW YORK, COUNTY OF ALBANY, CITY OF ALBANY, DISTRICT OF ALBANY, AND DISTRICT OF ALBANY.

DISTRICT DIRECTOR
INTERNAL REVENUE SERVICE
ALBANY, NEW YORK 12201



GOVERNMENT EXHIBIT 7 - Tax Return Form 1120.

GOVERNMENT EXHIBIT 8 — Tax Return Form 1120.

Form 1120 Department of the Treasury Internal Revenue Service		U.S. Corporation Income Tax Return For calendar year 1970 or other taxable year beginning Nov. 1 1969 ending Oct. 31 1970 (PLEASE TYPE OR PRINT)		14313110-0114 / 1970		
Check if— A Consolidated return <input type="checkbox"/>		Name Prestige Realt. the Capitol District Corp.		Employer Identification No. 14-1491255		
B Personal Holding Co. <input type="checkbox"/>		Number and street 1011 State St		County in which located Schenectady		
C Business Code No. (See page 7 of instructions) 6591		City or town, State, and A. S. Schenectady, New York 12307		F Enter total assets from line 14, column (D), Schedule L (See instruction H) \$ 102682.31		
IMPORTANT—Fill in all applicable lines and schedules. If the lines on the schedules are not sufficient, see instruction N.						
GROSS INCOME	1	Gross receipts or gross sales	330810.56	Less: Returns and allowances	75.00	330735.56
	2	Less: Cost of goods sold (Schedule A) and/or operations (attach schedule)				15983.18
	3	Gross profit				170752.38
	4	Dividends (Schedule C)				
	5	Interest on obligations of the United States and U.S. instrumentalities				
	6	Other interest				300.00
	7	Gross rents				
	8	Gross royalties				
	9	Net gains (losses)—(separate Schedule D)				
	10	Other income (attach schedule)				
	11	TOTAL income—Add lines 3 through 10				
DEDUCTIONS	12	Compensation of officers (Schedule E)				19517.19
	13	Salaries and wages (not deducted elsewhere)				26624.00
	14	Repairs (do not include capital expenditures)				
	15	Bad debts (Schedule F if reserve method is used)				
	16	Rents				4343.17
	17	Taxes (attach schedule)				7304.41
	18	Interest				
	19	Contributions (not over 5% of line 28 adjusted per instructions—attach schedule)				
	20	Amortization (attach schedule)				
	21	Depreciation (Schedule G)				4834.00
	22	Depletion				
23	Advertising				25298.61	
24	Profit sharing, stock bonus, pension and annuity plans (see instructions)					
25	Other employee benefit plans (see instructions)					
26	Other deductions (attach schedule)				31633.25	
27	TOTAL deductions on lines 12 through 26					119554.63
28	Taxable income before net operating loss deduction and special deductions (line 11 less line 27)					51497.75
29	Less: (a) Net operating loss deduction (see instructions—attach schedule)					---
	(b) Special deductions (Schedule I)					---
30	Taxable income (line 28 less line 29)					51497.75
TAX	31	TOTAL TAX (Schedule J)				18975.13
	32	Credits: (a) Tax paid (deposited) with Form 7004 application for extension (attach copy)				
		(b) Estimated tax—Overpayment from 1969 allowed as a credit				
		1970 estimated tax payments (deposits)				
		Less refund of 1970 estimated tax applied for on Form 4465				
		(c) Credit from regulated investment companies (attach Form 2439)				
		(d) U.S. tax on special fuel, nonhighway gas and lubricating oil (attach Form 4136)				
33	TAX DUE (line 31 less line 32). See instruction G for depository method of payment					18975.13
34	OVERPAYMENT (line 32 less line 31)					---
35	Enter amount of line 34 you want: Credited to 1971 estimated tax					---
	Refunded					---
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete. If prepared by a person other than myself, his declaration is based on all information of which I have any knowledge.						
CORPORATE SEAL		Date 4/2/71		Signature of officer <i>Anthony DiScepolo</i>		Signature of preparer <i>Anthony DiScepolo</i>
3/26/71		Date		Signature of preparer <i>Anthony DiScepolo</i>		Signature of preparer <i>Anthony DiScepolo</i>
		Individual or firm signature of preparer		ANTHONY DISCEPOLO, Acc't		1713 Broadway Schenectady, N. Y. 12306

GOVERNMENT EXHIBIT 8 - Tax Return Form 1120.

Form 1120 (1-7-70)

Page 2

Schedule A—COST OF GOODS SOLD (See instruction 2)

1 Inventory at beginning of year	
2 Merchandise bought for manufacture or sale	
3 Salaries and wages	
4 Other costs (attach schedule)	159983.18
5 Total	159983.18
6 Less inventory at end of year	---
7 Cost of goods sold—Enter on line 2, page 1	159983.18

Method of inventory valuation

Was there any substantial change in the manner of determining quantities, costs, or valuations between opening and closing inventory?
 Yes ☐ No ☐ If "Yes," attach an explanation.

Schedule C—DIVIDENDS (See instruction 4)

1 Domestic corporations subject to 85% deduction	
2 Certain preferred stock of public utilities	
3 Foreign corporations subject to 85% deduction	
4 Dividends from wholly owned foreign subsidiaries subject to 100% deduction (section 245(b))	
5 Other dividends from foreign corporations	
6 Includable income from controlled foreign corporations (Subpart F, attach Forms 3546)	
7 Foreign dividend gross up (section 78)	
8 Qualifying dividends received from affiliated groups and subject to the 100% deduction (section 243(a)(3))	
9 Qualifying dividends received from affiliated groups and subject to the provisions of section 1564(b)	
10 Other dividends	
11 Total—Enter here and on line 4, page 1	

Schedule E—COMPENSATION OF OFFICERS (See instruction 12)

1 Name of officer	2 Social security number	3 Title	4 Time devoted to business	5 Percent of corporation stock owned	6 Percent of stock owned	7 Amount of compensation	8 Expense account allowances
Warren B. Droms	074-03-1531	Treas.	100%	--	--	14317.19	
Margaret Droms	094-16-8508	Sec.	50%	100%	--	5200.00	
Total compensation of officers—Enter here and on line 12, page 1						19517.19	

Schedule F—BAD DEBTS—RESERVE METHOD (See instruction 15)

1 Year	2 Trade notes and accounts receivable outstanding at end of year	3 Sales on account	4 Current year's provision	5 Recoveries	6 Amount charged against reserve	7 Reserve for bad debts at end of year
1965						
1966						
1967						
1968						
1969						
1970						

Schedule G—DEPRECIATION (See instructions for Schedule G)

Taxpayers using Revenue Procedures 62-21 and 65-13. Make no entry in column 2, enter the cost or other basis of assets held at end of year in column 3, and enter the accumulated depreciation at end of year in column 4.

1 Group and guideline class or description of property	2 Date acquired	3 Cost or other basis	4 Depreciation allowed or allowable in prior years	5 Method of computing depreciation	6 Life or rate	7 Depreciation for this year
1 Total additional first year depreciation (do not include in items below)						
Buildings						
Furniture and fixtures						
Transportation equipment	Var	13743.00	4000.00	SL	3yr.	4581.00
Machinery and other equipment	Var	2526.00	2.00	SL	10yr.	253.00
Other (specify)						
2 Totals						4834.00
3 Less amount of depreciation claimed in Schedule A and elsewhere on return						---
4 Balance—Enter here and on line 21, page 1						4834.00

Schedule H—SUMMARY OF DEPRECIATION

	Straightline	Declining balance	Cost of the year's digits	Units of production	Additional first year (section 179)	Other (specify)	Total
1 Under Rev. Ruls. 62-21 and 65-13							
2 Other							

GOVERNMENT EXHIBIT 8 - Tax Return Form 1120

Form 1120 (1970)

Page 3

Schedule I—SPECIAL DEDUCTIONS

1 (a) 85% of line 1, Schedule C
 (b) 60.813% of line 2, Schedule C (Fiscal year corporations, see page 6 of instructions)
 (c) 85% of line 3, Schedule C
 (d) 100% of line 4, Schedule C
 2 Total—See page 5 of instructions for limitation
 3 100% of line 8, Schedule C
 4 Enter dividends received deduction allowed for dividends reported on line 9, Schedule C. See section 1564(b) for computation
 5 Dividends paid on certain preferred stock of public utilities (see instructions)
 6 Western Hemisphere trade corporations (see instructions)
 7 Total special deductions—Add lines 2 through 6. Enter here and on line 29(b), page 1

Schedule J—TAX COMPUTATION

1 Taxable income (line 30, page 1) 51497.85
 2 Surtax exemption—Enter line 1 or \$25,000, whichever is lesser. (Component members of a controlled group see page 6 of instructions and enter your surtax exemption or line 1, whichever is lesser) 25000.00
 3 Line 1 less line 2 26497.75
 4 (a) 22% of line 1 11329.50
 (b) 26% of line 3 6889.42
 (c) If multiple surtax exemption is elected under section 1562, enter 6% of line 2 ---
 5 (a) Income tax (line 4, or alternative tax from separate Schedule D, whichever is lesser) 18218.92
 (b) Tax Surcharge—2½% of line 5(a) (Fiscal and short year corporations, see page 6 of instr.) 756.21
 6 Foreign tax credit (attach Form 1118) 18975.13
 7 Line 5 less line 6 ---
 8 Investment credit (attach Form 3468) 18975.13
 9 Line 7 less line 8 ---
 10 (a) Personal holding company tax (attach Schedule 1120 PH) 18975.13
 (b) Tax Surcharge—2½% of line 10(a) (Fiscal and short year corporations, see page 6 of instr.) ---
 11 Tax from recomputing a prior year investment credit (attach Form 4255) ---
 12 Minimum tax on tax preference items (See page 6 of instructions). Check here ☐ if Form 4626 is attached 18975.13
 13 Total tax—Add lines 9 through 12. Enter here and on line 31, page 1 18975.13

Schedule K—RECORD OF FORM 503 FEDERAL TAX DEPOSITS (List deposits in order of date made—See instruction G)

Serial number of Form 503	Date of deposit	Amount	Serial number of Form 503	Date of deposit	Amount	Serial number of Form 503	Date of deposit	Amount

G Date incorporated 11/65

H (1) Did you at the end of the taxable year own directly or indirectly 50% or more of the voting stock of a domestic corporation? Yes ☐ No ☒

(2) Did any corporation, individual, partnership, trust, or association at the end of the taxable year own directly or indirectly 50% or more of your voting stock? Yes ☐ No ☒
 (For rules of attribution, see section 267(c).)

If the answer to (1) or (2) is "Yes," attach a schedule showing:

(a) name, address, and identifying number; and
 (b) percentage owned.

If the answer to (1) above is "Yes," show the taxable income (or loss) from line 30, page 1, Form 1120 of such corporation for the taxable year ending with or within your taxable year.

If the answer to (2) above is "Yes," was the owner of such voting stock an alien individual or a foreign corporation, partnership, trust or association? Yes ☐ No ☒I Did you have any contracts or subcontracts subject to the Reorganization Act of 1951? Yes ☐ No ☒ If "Yes," enter the aggregate gross dollar amount billed during the yearJ Did you ever declare a stock dividend? Yes ☐ No ☒

K Did you claim a deduction for expenses connected with: Yes No

(1) Entertainment facility (boat, resort, ranch, etc.)? ☐ ☒(2) Living accommodations (except employees on business)? ☐ ☒(3) Employees' families at conventions or meetings? ☐ ☒(4) Employee or family vacations not reported on Form W-2? ☐ ☒

L Taxable income (or loss) from line 30, page 1, Form 1120 for: 1966 667.95, 1967 32607.04, 1968 23042.78

M Refer to page 7 of instructions and state the principal:

Business activity Realty Sales

Product or service Residential Homes

N Were you a member of a controlled group subject to the provisions of:

(1) Section 1561? Yes ☐ No ☒ (2) Section 1562? Yes ☐ No ☒

If answer to (1) or (2) is "Yes," check type of relationship:

(a) parent subsidiary ☐ (b) brother-sister ☐(c) combination of (a) and (b) ☐ (See section 1563.)If answer to (2) is "Yes," does section 1562(b)(1)(A) apply (nonapplication of 6% additional tax under section 1562)? Yes ☐ No ☒O Did the corporation, at any time during the taxable year, have any interest in or signature or other authority over a bank, securities, or other financial account in a foreign country? Yes ☐ No ☒ If "Yes," attach Form 4683. (For definitions, see Form 4683.)P Were you a U.S. shareholder of any controlled foreign corporation? Yes ☐ No ☒ (See sections 951 and 957.) If "Yes," attach Form 3646 for each such corporation.Q During this taxable year, did you pay dividends (other than stock dividends and distributions in exchange for stock) in excess of your earnings and profits? Yes ☐ No ☒ (See sections 301 and 316.) If "Yes," file Schedule Form 1096. If this is a consolidated return, answer here for parent corporation and on Form 651, Affiliations Schedule, for each subsidiary.R Did you file all required Forms 1099, 1098 and 1087? Yes ☒ No ☐

GOVERNMENT EXHIBIT 8 — Tax Return Form 1120.

Form 1120 (1970)

Schedule L—BALANCE SHEETS

Page 4

ASSETS	Beginning of taxable year		End of taxable year	
	(A) Amount	(B) Total	(C) Amount	(D) Total
1 Cash	6910.00	31532.43	12043.93	71317.59
2 Trade notes and accounts receivable	---	6910.00	---	12043.93
(a) Less allowance for bad debts				
3 Inventories				
4 Gov't obligations: (a) U.S. and instrumentalities				
(b) State, subdivisions thereof, etc.				
5 Other current assets (attach schedule)		581.92		581.92
6 Loans to stockholders				
7 Mortgage and real estate loans				
8 Other investments (attach schedule) Cash Escrow		7284.22		7584.22
9 Buildings and other fixed depreciable assets	10857.84		20011.89	
(a) Less accumulated depreciation	4202.98	6654.86	9036.98	10974.91
10 Depletable assets				
(a) Less accumulated depletion				
11 Land (net of any amortization)				
12 Intangible assets (amortizable only)				
(a) Less accumulated amortization				
13 Other assets (attach schedule)		179.74		179.74
14 Total assets		53143.17		102682.31
LIABILITIES AND STOCKHOLDERS' EQUITY				
15 Accounts payable				
16 Mtgs., notes, bonds payable in less than 1 yr.				
17 Other current liabilities (attach schedule) Corp. Tax		5576.35		18975.13
18 Loans from stockholders				
19 Mtgs., notes, bonds payable in 1 yr. or more				
20 Other liabilities (attach schedule)		1419.92		5037.66
21 Capital stock: (a) Preferred stock				
(b) Common stock		5466.42		5466.42
22 Paid in or capital surplus (attach reconciliation)				
23 Retained earnings—Appropriated (attach sch.)				
24 Retained earnings—Unappropriated		40680.48		73203.10
25 Less cost of treasury stock		()		()
26 Total liabilities and stockholders' equity		53147.17		102682.31

Schedule M-1—RECONCILIATION OF INCOME PER BOOKS WITH INCOME PER RETURN

1 Net income per books	32522.62	7 Income recorded on books this year not included in this return (itemize)	
2 Federal income tax	18975.13	(a) Tax exempt interest \$	
3 Excess of capital losses over capital gains			
4 Taxable income not recorded on books this year (itemize)			
5 Expenses recorded on books this year not deducted in this return (itemize)		8 Deductions in this tax return not charged against book income this year (itemize)	
(a) Depreciation . . . \$		(a) Depreciation . . . \$	
(b) Depletion . . . \$		(b) Depletion . . . \$	
6 Total of lines 1 through 5	51497.75	9 Total of lines 7 and 8	
		10 Income (line 28, page 1)—line 6 less 9	51497.75

Schedule M-2—ANALYSIS OF UNAPPROPRIATED RETAINED EARNINGS PER BOOKS (line 24 above)

1 Balance at beginning of year	40680.48	5 Distributions: (a) Cash	
2 Net income per books	32522.62	(b) Stock	
3 Other increases (itemize)		(c) Property	
		6 Other decreases (itemize)	
4 Total of lines 1, 2, and 3	73203.10	7 Total of lines 5 and 6	
		8 Balance at end of year (line 4 less 7)	73203.10

GOVERNMENT EXHIBIT 8 - Tax Return Form 1120.

Prestige Realty of the Capitol District Corp.
Schedules
October 31, 1970

A. Other Costs - Line 4 - Schedule A - Page 2

Salesmen's Commissions	\$	84661.92
Other Broker's Commissions		12726.24
Board Commissions		2609.84
Bank Charges, FHA, etc.		2894.73
Board Services		2375.30
Purchases for Resale		54401.65
Board Dues & Licenses		313.50
Total	\$	<u>159983.18</u>

B. Taxes - Line 17 - Page 1

NYS Franchise Tax	\$	5817.38
FICA Tax Expense		1487.03
Total	\$	<u>7304.41</u>

C. Other Deductions - Line 26 - Page 1

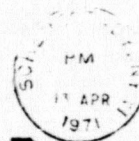
Office Expense	\$	15400.22
Auto Expense		4698.83
Insurance		2562.71
Sales Promotion		2356.90
Office Maintenance & Labor		451.12
Professional Dues		368.84
Blue Cross - Blue Shield		1098.38
NYS Unemployment Insurance		590.09
Accounting		900.00
Rental		47.38
Miscellaneous & Sundry		1158.78
Total	\$	<u>31633.25</u>

D. Other Liabilities - Line 20 - Page 4

Payroll Taxes Payable	\$	955.60
Escrow Payable		70.00
NYS Corp. Franchise Payable		4012.06
Total	\$	<u>5037.66</u>

76
GOVERNMENT EXHIBIT 8 - Tax Return Form 1120

DISORZO, Acct.
ROADWAY
DY, N. Y. 12306



INTERNAL REVENUE SERVICE CENTER

310 Lowell Street

Andover, Massachusetts 01812

NUMBER 1		SHARES 50
INCORPORATED UNDER THE LAWS OF THE STATE OF NEW YORK		
<h2 style="text-align: center;">Prestige Realty of the Capitol District Corporation</h2>		
<p style="text-align: center;">The Corporation is authorized to issue 200 shares without par value, of or class</p>		
<p>This Certificate that <u>MARION E. KOLAKOWSKI</u> is the owner of <u>FIFTY</u> fully paid and non-assessable shares</p>		
<p style="text-align: center;">of Prestige Realty of the Capitol District Corporation <i>transferable only on the books of the Corporation by the holder hereof in person or by duly authorized Attorney upon surrender of this Certificate properly endorsed</i></p>		
<p style="text-align: center;"><i>In Witness Whereof, the said Corporation has caused this Certificate to be signed by its duly authorized officers and to be sealed with the Seal of the Corporation</i> this <u>FIRST</u> day of <u>NOVEMBER</u> <u>A.D. 1965</u></p>		
		

GOVERNMENT EXHIBIT 12 — Stock Certificate No. 1.

For value received

W. Baldwin Droms

I hereby assign and transfer unto

Fifty (50) shares

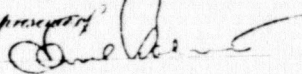
of the capital stock represented by the within certificate and do hereby solemnly constitute and appoint

Myself

to transfer the said stock on the books of the within named corporation with full power of substitution in the premises

Dated November 1, 1968

In presence of



v. Marion E. Katschauer

NOTED: This document is the original of the stock certificate and is not to be used as evidence in any court of law. It is to be destroyed when the stock is transferred.

A TRUE COPY
of document in possession of

Frank Louis

AUG 15 1972

Compared with the origin
of
Special Agent



GOVERNMENT EXHIBIT 13 - Stock Certificate No. 2.

For value received

I

hereby sell, assign and transfer

W. Baldwin Droms

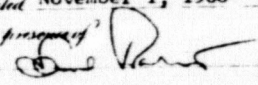
Fifty (50) shares

of the capital stock represented by the within certificate and do hereby irrevocably constitute and appoint

to transfer the said stock on the books of the within named corporation with full power of substitution in the premises

Dated November 1, 1968

In presence of



THIS CERTIFICATE IS VALID ONLY WHEN SIGNED BY THE SECRETARY OF THE CORPORATION AND THE SIGNATURE OF THE SECRETARY IS VERIFIED BY THE OFFICIALS OF THE SECRETARY OF THE CORPORATION.

A TRUE COPY
A document in possession of

AUG 15 1972

Compared with the original
Special Agent



3

-100-

INCORPORATED UNDER THE LAWS OF THE STATE OF NEW YORK

Prestige Realty of the Capitol District Corporation

The Corporation is authorized to issue 200 shares without par value, of one class

~~This Certificate that~~ W. BALDWIN DROMS is the owner of

ONE HUNDRED (100) fully paid and non-assessable shares

of Prestige Realty of the Capitol District Corporation

transferable only on the books of the Corporation by the holder hereof in person or by duly authorized Attorney upon surrender of this Certificate properly endorsed

In Witness Whereof, the said Corporation has caused this Certificate to be signed by its duly authorized officers and to be sealed with the Seal of the Corporation this 1st day of November A.D. 1968

Frank J. Katsch
Secretary

Edward E. Katsch
President

GOVERNMENT EXHIBIT 14 — Stock Certificate No. 3.

For value received:

Mirella

B. Sparr

hereby sell, assign and transfer unto

One Hundred (100)

shares

of the capital stock represented by the within certificate, and do hereby irrevocably constitute and appoint

Attorney

to transfer the said stock on the books of the within named corporation with full power of substitution in the premises

Dated Nov. 2 - 1968

In presence of

W. Baedem Dron

A TRUE COPY
 In possession of
 Frank Lane
 AUG 15 1972
 Compared with the origin
 Special Agent

BEST COPY AVAILABLE

GOVERNMENT EXHIBIT 15 - Record of Payments on
Business.

109
 105
 157

DATE	AMOUNT RECEIVED	CH. #	
3/1/47	Shawland St.	50 -	1296 ✓
3/2/47	13 Hartman St.	50 -	1297 ✓
3/25/47	2070 Clark St. Albany	50 -	1298 a. Smith
4/26/47	6438 Cypresswood	50 -	1298 E. Thompson
5/2/47	1044 Pop. Marquette	50 -	1298 E. Thompson
5/2/47	21 Hutchins Rd.	50 -	1298 L. Moore
5/10/47	16 Heritage Road	50 -	1298 ✓
5/19/47	18 "	50 -	1298 ✓
5/26/47	154 Van Buren	50 -	1298 ✓
5/26/47	1044 Pop. Marquette	50 -	1298 ✓
5/26/47	56 Super Street	50 -	1298 ✓
6/2/47	Lat 1. Drive Rd	100 -	1298 ✓
6/2/47	2020 Kyle Rd	100 -	1298 ✓
6/2/47	29 Heritage	50 -	1298 ✓
6/2/47	27 Heritage	50 -	1298 ✓
6/2/47	20 Lyon St.	50 -	1298 ✓
6/2/47	19 Heritage	50 -	1298 ✓
6/2/47	11 Orange Ave.	50 -	1298 ✓
6/10/47	14 Oak Lane	50 -	1298 ✓
6/10/47	89 Hartman	50 -	1298 ✓
6/14/47	8 Shawland St.	50 -	1298 ✓
6/20/47	314 Highland	50 -	1298 ✓
6/24/47	154 Sherman St.	50 -	1298 ✓
6/24/47	41 Willow St.	50 -	1298 ✓
6/24/47	17 Heritage	50 -	1298 ✓
6/27/47	20 Heritage	50 -	1298 ✓
7/6/47	8 Red Lake St.	50 -	1298 ✓
7/6/47	7 Phillips St.	50 -	1298 ✓
7/6/47	28 Heritage	50 -	1298 ✓
7/6/47	22 Heritage	50 -	1298 ✓
7/6/47	1086-88 Willett St.	50 -	1298 ✓
7/6/47	30 Heritage	50 -	1298 ✓
7/6/47	31 Heritage	50 -	1298 ✓
7/9/47	34 St. Stephens	50 -	1298 ✓
7/21/47	3 Shawland St.	50 -	1298 ✓
7/25/47	10 Shawland St.	50 -	1298 ✓
7/26/47	9 Shawland St.	50 -	1298 ✓
7/26/47	11 Shawland St.	50 -	1298 ✓
7/26/47	32 Hutchins	50 -	1298 ✓
7/26/47	1230 Central St.	50 -	1298 ✓

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(42)

GOVERNMENT EXHIBIT 15 - Record of Payments on
Business.

DATE	PROPERTY	AMOUNT RECEIVED	CH.#
11/1/47	8 Hickory St.	50 -	1319
11/1/47	83 Heritage Knolls	50 -	1320
11/1/47	Alameda Ave.	50 -	1321
11/1/47	15 Riwatt Dr.	50 -	1322
11/1/47	1029 Oakwood Ave.	50 -	1323
11/1/47	80 Hickory St.	50 -	1324
11/1/47	10 Lowland St.	50 -	1325
11/1/47	810 Oakwood Ave.	50 -	1326
11/1/47	Wingfield	50 -	1327
11/1/47	104 Heritage Knolls	50 -	1328
11/1/47	845 Heritage Knolls	50 -	1329
11/1/47	82 Weymouth Dr.	50 -	1330
11/1/47	2083 - Rt. 20	50 -	1331
11/1/47	180 Heritage Knolls	50 -	1332
11/1/47	Milton St.	50 -	1333
11/1/47	109 Heritage Knolls	50 -	1334
11/1/47	118 Heritage Knolls	50 -	1335
11/1/47	86 Heritage Knolls	50 -	1336
11/1/47	114 Heritage Knolls	50 -	1337
11/1/47	181 Heritage Knolls	50 -	1338
11/1/47	7 Heritage Knolls	50 -	1339
11/1/47	Black Road	50 -	1340
11/1/47	7 Orchard View	50 -	1341
11/1/47	1155 Summer Ave.	50 -	1342
11/1/47	84 Wildwood	50 -	1343
11/1/47	147 Heritage Knolls	50 -	1344
11/1/47	White Birch St.	50 -	1345
11/1/47	84 Heritage Knolls	50 -	1346
11/1/47	85 Heritage Knolls	50 -	1347
11/1/47	66 Hawthorn	50 -	1348
11/1/47	1415 Stanger St.	50 -	1349
11/1/47	192 Heritage Knolls	50 -	1350
11/1/47	109 Heritage Knolls	50 -	1351
11/1/47	112 Heritage Knolls	50 -	1352
11/1/47	1003 Heritage	50 -	1353
11/1/47	971 Birch St.	50 -	1354
11/1/47	115 Heritage	50 -	1355
11/1/47	Heritage	50 -	1356
11/1/47	118 Heritage	50 -	1357
11/1/47	111 Heritage	50 -	1358
11/1/47	110 Heritage	50 -	1359

GOVERNMENT EXHIBIT 15 -- Record of Payments
Business.

	1	2	3	4	5	6
	Age	Property	Amc Ric.	Sub a		
1	1862	99 Henry Ave	50-	1579	✓	X
2	1862	128a Wisconsin Ave.	50-	1579		
3	1862	91 Heritage	50-	1587	✓	X
4	1862	87 Heritage	50-	1587	✓	X
5	1862	22a Hawthorne St. N. Chicago	50-	1588		
6	1862	94 Heritage Knolls	50-	1589	✓	
7	1862	21 Bradley Road	50-	1591		
8	1862	Christie Rd.	50-	1591		
9	1862	13 Heritage Knolls	50-	1591	✓	
10	1862	106 Heritage Knolls	50-	1601	✓	
11	1862	52 Heritage Knolls	50-	1609	✓	
12	1862	5. " "	50-	1633	✓	
13	1862	96 " "	50-	1632	✓	
14	1862	43 " "	50-	1632	✓	
15	1862	117 " "	50-	1631	✓	
16	1862	93 " "	50-	1630	✓	
17	1862	97 " "	50-	1629	✓	
18	1862	32 Jeanette Dr.	50-	1618		
19	1862	1 Cherokee Rd.	50-	1634		
20	1862	Managers Rd.	50-	1629		
21	1862	21 Rutland Rd.	50-	1629		
22	1867	90 Heritage Knolls	50-	1665	✓	
23	1867	113 Heritage Knolls	50-	1684	✓	X
24	1867	48 Heritage Knolls	50-	1684	✓	X
25	1867	86 Heritage Knolls	50-	1682	✓	
26	1867	101 Heritage Knolls	50-	1678	✓	
27	1867	44 Heritage Knolls	50-	1710	✓	X
28	1867	45 Heritage Knolls	50-	1708	✓	X
29	1867	114 Heritage Knolls	50-	1698	✓	X
30	1867	140 Heritage Knolls	50-	1697	✓	X
31	1867	88 Heritage Knolls	50-	1695	✓	X
32	1867	102 Heritage Knolls	50-	1693	✓	X
33	1867	50 Heritage Knolls	50-	1691	✓	X
34	1867	139 Heritage Knolls	50-	1689	✓	X
35	1867	882 Star St. Ave	50-	1727		blue form
36	1867	189 Portland	50-	1731		
37	1867	41 Portland	50-	1734		blue form
38	1867	102 Tom Sawyer Trail	50-	1756		
39	1867	12 Heritage Knolls	50-	1767	✓	X
40	1867	108 Heritage Knolls	50-	1765	✓	X

GOVERNMENT EXHIBIT 15 - Record of Payments on
Business

Date	Receipt	Dept Rec.	Club #					
10/6/47	116 Hunter's Knolls	10-	1768	✓		X		1
10/6/47	118 Hunter's Knolls	10-	1770		200-			2
10/6/47	43 Hunter's Knolls	10-	1772					3
10/6/47	3 Wicks, R. F. H. A.	10-	1774		200-			4
10/6/47	22 Wicks, R. F. H. A.	10-	1776					5
10/6/47	46 Hunter's Knolls	10-	1778	✓		X		6
10/6/47	48 Hunter's Knolls	10-	1780			X		7
10/6/47	31 Hunter's Knolls	10-	1782					8
10/6/47	29 Hunter's Knolls	10-	1784			X		9
10/6/47	41 Hunter's Knolls	10-	1786	✓		X		10
10/6/47	100 Hunter's Knolls	10-	1788	✓		X		11
10/6/47	105 Hunter's Knolls	10-	1790	✓		X		12
10/6/47	54 Hunter's Knolls	10-	1792	✓	200-	X		13
10/6/47	138 Hunter's Knolls	10-	1794	✓		X		14
10/6/47	11705 Hunter's Knolls	10-	1796					15
10/6/47	1005 Hunter's Knolls	10-	1798		500-			16
10/6/47	49 Hunter's Knolls	10-	1800					17
10/6/47	85 Hunter's Knolls	10-	1802			X		18
10/6/47	187 Hunter's Knolls	10-	1804	✓		X		19
10/6/47	206 Hunter's Knolls	10-	1806					20
10/6/47	184 Hunter's Knolls	10-	1808	✓		X		21
10/6/47	135 Hunter's Knolls	10-	1810		200-			22
10/6/47	7 Wicks, R. F. H. A.	10-	1812			X		23
10/6/47	59 Hunter's Knolls	10-	1814	✓		X		24
10/6/47	129 Hunter's Knolls	10-	1816	✓		X		25
10/6/47	60 Hunter's Knolls	10-	1818	✓		X		26
10/6/47	133 Hunter's Knolls	10-	1820	✓		X		27
10/6/47	1705 Hunter's Knolls	10-	1822					28
10/6/47	12 Hunter's Knolls	10-	1824					29
10/6/47	707 Hunter's Knolls	10-	1826					30
10/6/47	1001 Hunter's Knolls	10-	1828		200-			31
10/6/47	7121 Hunter's Knolls	10-	1830					32
10/6/47	49 Hunter's Knolls	10-	1832					33
10/6/47	43 Hunter's Knolls	10-	1834					34
10/6/47	83 Hunter's Knolls	10-	1836		200-			35
10/6/47	14 Hunter's Knolls	10-	1838					36
10/6/47	33 Hunter's Knolls	10-	1840					37
10/6/47	55 Hunter's Knolls	10-	1842	✓		X		38
10/6/47	135 Hunter's Knolls	10-	1844	✓		X		39
10/6/47	132 Hunter's Knolls	10-	1846	✓	100-	X		40

GOVERNMENT EXHIBIT 15 - Record of Payments on
Business.

3

	1	2	3	4	5	6
	Req.	Club				
3/3/61	119	Whiting	20-	2112	✓	X
	141	Whiting	20-	2114	✓	X
	37	Whiting	20-	2110		X
4/1/61	12	Whiting	20-	2114		
4/1/61	47	Whiting	20-	2102	170-	
4/1/61	35	Whiting	20-	2109		
4/1/61	149	Whiting	20-	2108	✓	X
4/1/61	50	Whiting	20-	2100	✓	X
	72	Whiting	20-	2104	✓	X
	61	Whiting	20-	2102	✓	X
	73	Whiting	20-	2102		X
	136	Whiting	20-	2100	✓	X
	74	Whiting	20-	2100	✓	X
	68	Whiting	20-	2100	✓ 100-	X
4/1/61	75	Whiting	20-	2100	✓	X
	134	Whiting	20-	2100		
	98	Whiting	20-	2100		
	143	Whiting	20-	2101		
4/1/61	84	Whiting	20-	2102		
	110	Whiting	20-	2103		
	36	Whiting	20-	2104	10-	
4/1/61	74	Whiting	20-	2102		X
	124	Whiting	20-	2104		X
	125	Whiting	20-	2105		X
	127	Whiting	20-	2107		X
	131	Whiting	20-	2108	60-	X
4/1/61	8	Whiting	20-	2100		
4/1/61	45	Whiting	20-	2109		
	16	Whiting	20-	2107	10-	X
4/1/61	118	Whiting	20-	2106		
	71	Whiting	20-	2104		X
	53	Whiting	20-	2107		X
	147	Whiting	20-	2108		X
	140	Whiting	20-	2108		X
	68	Whiting	20-	2108		X
	77	Whiting	20-	2109	10-	X
	2222	Whiting	20-	2109		
4/1/61	68	Whiting	20-	2109		X
	70	Whiting	20-	2109		

GOVERNMENT EXHIBIT 16 - Resolutions of Corporation.

I HEREBY CERTIFY, that I am Secretary of the Board of Directors of Prestige Realty of the Capital District Corp., a corporation organized and existing under and pursuant to the laws of New York State.

I FURTHER CERTIFY, that at a regular meeting of the Board of Directors of said corporation, duly called and held at 1011 State St. Sch'dy. on the 6th day of April, 1967, and at which a quorum was present and acting throughout, the following resolutions were adopted and are now in full force and effect.

RESOLVED that the MOHAWK NATIONAL BANK be and it is hereby designated as a depository of the funds of this corporation and that the said funds be subject to withdrawal upon checks, notes, drafts, bills of exchange, acceptances, undertakings or other orders for the payment of money when signed in the following manner: (State plainly names and title of authorized signers and be specific as to any combinations of signatures required.)

W. Baldwin Droms, Sales Manager

RESOLVED that said MOHAWK NATIONAL BANK is hereby authorized to pay any such checks, drafts, notes or orders and also to receive the same for credit or in payment from the payee or any other holder without inquiry as to the circumstances of issue or the disposition of the proceeds, thereof, even if drawn to the individual order of any signing officer or tendered in payment of his individual obligations.

RESOLVED that any and all endorsements for or on behalf of the Corporation upon checks, drafts, notes or instruments for deposit or collection, made with the MOHAWK NATIONAL BANK may be written or stamped endorsements of the corporation without any designation of the party making such endorsement.

RESOLVED that the foregoing resolutions shall continue and remain in full force and effect until written notice of their revocation has been duly received by the said MOHAWK NATIONAL BANK.

I FURTHER CERTIFY that these Resolutions are not inconsistent with our By-Laws, and that the following are the names and official designations of the officers of the corporation.

NAME	OFFICE
<u>Marion E. Kolakowski</u>	<u>President - Treasurer</u>
<u>Mary Z. Kolakowski</u>	<u>Vice President - Secretary</u>

IN WITNESS WHEREOF, I have hereunto set my hand as Secretary of the Board of Directors of said Corporation and affixed the corporate seal this 24th day of February, 1967.

S/ Mary Z. Kolakowski
Secretary of the Board of Directors

(Seal)

I, President of Prestige Realty of the Capital District Corp., do hereby certify that on the 6th day of April 1967, Mary Z. Kolakowski who signed and attested the foregoing resolution, was and now is the duly qualified and acting Secretary of the Board of Directors of Prestige Realty of the Cap. Dist., a corporation, and that he was and is duly authorized by the By-Laws, to certify to the proceedings of the Board of Directors of said corporation and to affix the corporate seal to such certificate.

Date April 19, 1967

S/ Marion E. Kolakowski
President

GOVERNMENT EXHIBIT 16 - Resolutions of Corporation.

RESOLUTION OF CORPORATION

I HEREBY CERTIFY, that I am Secretary of the Board of Directors of Prestige Realty of the Capital District Corp., a corporation organized and existing under and pursuant to the laws of New York State.

I FURTHER CERTIFY, that at a regular meeting of the Board of Directors of said corporation, duly called and held at 1011 State St. Schd'y N.Y. on the 21st day of February, 1967, and at which a quorum was present and acting throughout, the following resolutions were adopted and are now in full force and effect.

RESOLVED that the MOHAWK NATIONAL BANK be and it is hereby designated as a depository of the funds of this corporation and that the said funds be subject to withdrawal upon checks, notes, drafts, bills of exchange, acceptances, undertakings or other orders for the payment of money when signed in the following manner: (State plainly names and title of authorized signers and be specific as to any combinations of signatures required.)

W. Baldwin Droms

RESOLVED that said MOHAWK NATIONAL BANK is hereby authorized to pay any such checks, drafts, notes or orders and also to receive the same for credit or in payment from the payee or any other holder without inquiry as to the circumstances of issue or the disposition of the proceeds thereof, even if drawn to the individual order of any signing officer or tendered in payment of his individual obligations.

RESOLVED that any and all endorsements for or on behalf of the Corporation upon checks, drafts, notes or instruments for deposit or collection, made with the MOHAWK NATIONAL BANK may be written or stamped endorsements of the corporation without any designation of the party making such endorsement.

RESOLVED that the foregoing resolutions shall continue and remain in full force and effect until written notice of their revocation has been duly received by the said MOHAWK NATIONAL BANK.

I FURTHER CERTIFY that these Resolutions are not inconsistent with our By-Laws, and that the following are the names and official designations of the officers of the corporation.

NAME	OFFICE
<u>Marion E. Kolakowski</u>	<u>President</u>
<u>Mary Z. Kolakowski</u>	<u>Vice President and Secretary</u>
<u>W. Baldwin Droms</u>	<u>Treasurer</u>

IN WITNESS WHEREOF, I have hereunto set my hand as Secretary of the Board of Directors of said Corporation and affixed the corporate seal this 24th day of February, 1967.

S/ Mary Z. Kolakowski
Secretary of the Board of Directors

(Seal)

I, President of Prestige Realty of the Capital District Corporation, do hereby certify that on the 24th day of February 1967, Mary Z. Kolakowski who signed and attested the foregoing resolution, was and now is the duly qualified and acting Secretary of the Board of Directors of Prestige Realty of the Capital, a corporation and that he was and duly authorized by the By-Laws to certify to the proceedings of the Board of Directors of said corporation and to affix the corporate seal to such certificate.

GOVERNMENT EXHIBIT 21 - Comparison of Expenses.

COMPARISON OF EXPENSES REFLECTED ON W. BALDWIN DROMS PERSONAL FEDERAL INCOME TAX RETURN, FORM 1040 FOR THE YEAR 1968 (GOVERNMENT EXHIBIT NUMBER 4) WITH EXPENSES REFLECTED ON W. BALDWIN DROMS SECOND FINANCIAL STATEMENT (GOVERNMENT EXHIBIT NUMBER 3)

SECTION A

Expenses Reflected on Taxpayer's Individual 1968 Tax Return
Other Than Living Expenses

Medical Insurance Premiums	\$ 300.00
Contributions	208.00
Real Estate Taxes	955.00
State and Local Gasoline Taxes	52.00
General Sales Tax	120.00
State and Local Income Taxes	208.00
Home Mortgage Interest Expense	1,300.00
Business Mileage Automobile Expense	700.00
Miscellaneous Office Costs	220.00
Clients Promotion Goodwill	450.00
Total Federal Income Tax	1,271.60
	<u>\$5,784.60</u>

BEST COPY AVAILABLE

SECTION B

Expenses Reflected on Financial Statement, Form 433 for 1968
Other Than Living Expenses

Interest Paid	\$ 740.00
Business Mileage, Automobile Expense	835.00
Total Federal Income Tax	1,271.60
Unknown	712.00
Unknown	200.00
	<u>\$3,758.60</u>

SECTION C

Comparison of Section A and B:

Available Living Expenses for 1968

	A (1040 Expenses)	B (433 Expenses)
Income Reported on 433	\$6,600.00	\$6,600.00
Expenses on 433:		3,758.60
Expenses on 1040	5,784.60	
Living Expenses	<u>\$ 815.40 *</u>	<u>\$2,841.40</u>

* Droms' 1968 Form 1040 indicates 6 dependents were supported by his income.

SOURCE: Government Exhibit Number 3, Financial Statement, Form 433 submitted by the taxpayer, W. Baldwin Droms.

Government Exhibit Number 4, 1968 Individual Federal Income Tax Return, Form 1040, submitted by the taxpayer, W. Baldwin Droms.

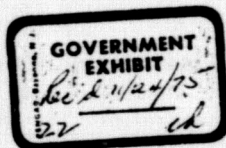
ASSETS OF PRESTIGE REALTY OF THE CAPITOL
DISTRICT CORPORATION IN 1967 AND 1968

<u>Assets as of 10/31/67*</u>		<u>Assets as of 10/31/68*</u>
Cash	\$12,740.21	\$23,581.42
Accounts Receivable	-0-	6,910.00
Fixed Assets	-0-	8,756.35
Supplies	179.74	179.74
	<u>\$12,919.95</u>	<u>\$39,427.51</u>
Commissions Payable	(\$ 6,598.84)	-0-
Other Current Liabilities	(146.95)	(\$ 9,997.04)
Other Liabilities	(186.74)	(750.00)
NET WORTH	\$5,987.42	\$28,680.47

SOURCE: Government Exhibit Number 5: Corporate Income Tax Return For Period November 1, 1966 - November 1, 1967
Government Exhibit Number 6: Corporate Income Tax Return For Period November 1, 1967 - November 1, 1968

GOVERNMENT EXHIBIT 22 - List of Assets.

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THE TAXPAYER'S SCHOOL AND COUNTY TAXES ON
 RESIDENTIAL PROPERTY COMPARED WITH SCHOOL AND COUNTY
 RECORDS, GOVERNMENT EXHIBITS 19 AND 20.

Corporation Check Number	Date	Amou.	Payee	Government Exhibit Number	Date	Amount	Source
1476	9/15/67	\$ 578.50	Paul B. Van Auken, Receiver of Taxes and Assessments	19	9/21/67	578.50	(School & County Records)
1478	9/15/67	22.25	Paul B. Van Auken, Receiver of Taxes and Assessments	19	9/21/67	22.25	(School & County Records)
2908	9/13/68	22.25	Paul D. Shatley Collector of Taxes	19	9/16/68	22.25	(School & County Records)
2907	9/13/68	578.50	Paul D. Shatley Collector of Taxes	19	9/16/68	578.50	(School & County Records)
1923	1/19/68	410.08	Receiver of Taxes and Assessments	20	1/24/68	410.08	(School & County Records)
1924	1/19/68	28.84	Receiver of Taxes and Assessments	20	1/24/68	28.84	(School & County Records)
4581	9/25/69	633.96	Paul D. Shatley Collector of Taxes	20	9/25/69	633.96	(School & County Records)
3612	2/24/69	570.44	Paul D. Shatley Collector of Taxes	20	2/26/69	570.44	(School & County Records)

\$2,844.87

SOURCES: Government Exhibits 10, 11, DISBURSEMENT RECORDS OF PRESTIGE REALTY; 19 & 20 SCHOOL OR COUNTY RECORDS

COMPARISON OF PRESTIGE REALTY DISBURSEMENTS BOOKS
 WITH SCHENECTADY SAVINGS BANK MORTGAGE LEDGER IN
 BALTIMORE, MARYLAND, NO. 1003.65, 11/22/67
 1003.65, 11/22/67, NEW YORK, 12/28/67, 1967

PRESTIGE REALTY DISBURSEMENTS

SCHENECTADY SAVINGS
 BANK MORTGAGE LEDGER
 NUMBER 17511

Disbursement Date	Amount	Date	Amount
		1/16/67	\$171.95
		3/6/67	171.95
		4/5/67	171.95
		4/26/67	515.85
7/1	\$171.95	7/19/67	171.95
9/18/67	1003.65	9/19/67	1003.65
11/17/67	513.00	11/28/67	515.85
11/22/67	2.35		
12/26/67	171.95	12/28/67	171.95

Prestige Realty Disbursements Books, Government Exhibit 10

Government Exhibit 13, Schenectady Bank Mortgage Ledger of W.B. & M.D. Droms
 Number 17511

COMPARISON OF PRESTIGE REALTY DISBURSEMENTS BOOKS WITH
 SCHENECTADY SAVINGS BANK MORTGAGE LEDGER IN RE: W.
 BALDWIN DROMS. MORTGAGE NUMBER 17511. 1177 IROQUOIS
 PATH, SCOTIA, NEW YORK, 12302. FOR 1968

PRESTIGE REALTY DISBURSEMENTS BOOKS

SCHENECTADY SAVINGS
 BANK MORTGAGE LEDGER
 NUMBER 17511

<u>Corporation</u> <u>Check No.</u>	<u>1968</u> <u>Date</u>	<u>Amount</u>	<u>Payee</u>	<u>Date</u>	<u>Amount</u>
1947	1/25/68	\$171.95	Schenectady Savings Bank	1/30/68	\$171.95
2061	2/28/68	171.95	Schenectady Savings Bank	2/29/68	171.95
2178	3/25/68	171.95	Schenectady Savings Bank	4/1/68	171.95
2311	4/26/68	171.95	Schenectady Savings Bank	4/29/68	171.95
2441	5/24/68	171.95	Schenectady Savings Bank	5/24/68	171.95
2590	6/28/68	171.95	Schenectady Savings Bank	7/16/68	171.95
2691	7/26/68	171.95	Schenectady Savings Bank	7/31/68	171.95
2876	9/6/68	171.95	Schenectady Savings Bank	9/10/68	171.95
2981	9/30/68	171.95	Schenectady Savings Bank	10/2/68	171.95
3103	10/28/68	171.95	Schenectady Savings Bank	11/6/68	171.95
3231	11/26/68	171.95	Schenectady Savings Bank	11/27/68	171.95
3391	12/27/68	171.95	Schenectady Savings Bank	12/31/68	171.95

SOURCE: Government Exhibit 18. Schenectady Savings Bank Mortgage Ledger of W.B. & M.D. Droms
 Number 17511
 Prestige Realty Disbursements Books, Government Exhibit 10

STATE RECORD OF PRESTIGE REALTY DISBURSEMENTS
 TO SCHENECTADY SAVINGS BANK MORTGAGE LEDGER
 RE: W. B. & M. D. BROMS, MORTGAGE NUMBER 17511, 1177
 IROC, NEW YORK, 12302, FOR 1969

PRESTIGE REALTY DISBURSEMENTS BOOKS

SCHENECTADY SAVINGS
 BANK MORTGAGE LEDGER
 NUMBER 17511

Corporation Check No.	1969 Date	Amount	Payer	Date	Amount
101	2/3/69	\$171.95	Schenectady Savings Bank	2/7/69	\$171.95
102	2/26/69	171.95	Schenectady Savings Bank	2/28/69	171.95
103	2/26/69	171.95	Schenectady Savings Bank	3/28/69	171.95
104	3/5/69	171.95	Schenectady Savings Bank	5/13/69	171.95
105	3/5/69	171.95	Schenectady Savings Bank	6/9/69	171.95
106	7/3/69	171.95	Schenectady Savings Bank	7/3/69	171.95
107	7/25/69	171.95	Schenectady Savings Bank	7/30/69	171.95
108	8/28/69	171.95	Schenectady Savings Bank	8/29/69	171.95
109	10/2/69	171.95	Schenectady Savings Bank	10/6/69	171.95
110	10/30/69	171.95	Schenectady Savings Bank	11/5/69	171.95
111	11/28/69	171.95	Schenectady Savings Bank	11/2/69	171.95
112	1/9/70	171.95	Schenectady Savings Bank	1/13/70	88.37

GOVERNMENT EXHIBIT 16 - Resolutions of Corporation.

Government Exhibit 16, Schenectady Savings Bank Mortgage Ledger of W. B. & M. D. BROMS
 Number 17511
 Prestige Realty Disbursements Book, pages 10 and 11.

GOVERNMENT EXHIBIT 26 - Letter, dated 4-25-69.

April 25, 1969

Mr. W. Baldwin Drons
 1177 Iroquois Path
 Astoria, New York

Dear Mr. Drons:

I have prepared a new Offer and Compromise and a new Statement of Financial Condition for the Internal Revenue Service pursuant to the information you gave to me over the telephone and the photocopy of your W-2 Form which you forwarded to me by mail.

I have made at least three attempts to get in touch with you by telephone at your office, but have been unsuccessful.

The Internal Revenue agent who is handling this matter is very anxious to receive our new papers and is getting somewhat irritated because we have not been able to forward them for lack of your signature.

Please stop by at our office on Monday or Tuesday, April 28th or 29th and sign the necessary papers so that we can avoid any further problems with this matter.

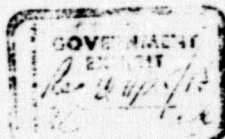
Enclosed is a bill for our retainer on your case.

Very truly yours,

LOMBARDI and REINOLD

By _____

JLD



DEFENDANT'S EXHIBIT E - Agreement.

THIS AGREEMENT made this first day of November, 1968 between MARION E. KOLAKOWSKI and MARY Z. KOLAKOWSKI of R. D. #1, Ballston Lake, New York, hereinafter called the Sellers and W. BALDWIN DROMS of 1177 Iroquois Path, Scotia 2, New York, hereinafter called the Buyer, witnesseth:

WHEREAS the Sellers are the holders of one hundred (100) shares of common stock in Prestige Realty of the Capitol District Corporation of which fifty (50) shares are in the name of Marion E. Kolakowski and fifty (50) shares in the name of Mary Z. Kolakowski and

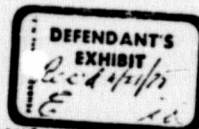
AND WHEREAS the Sellers having heretofore received the consideration for the transfer of said shares to the Buyer desire to insure payment of certain taxes and other obligations of the corporation on which the Sellers may be or may become personally liable.

NOW, THEREFORE, it is mutually agreed as follows:

1. The Sellers do hereby assign and transfer to the Buyer all of their right, title and interest in and to the said one hundred (100) shares of capital stock.
2. All income tax and withholding taxes shall be paid by the corporation to the close of the fiscal year ending October 31, 1968 as soon as the same can conveniently be done.
3. All claims against the corporation which accrued prior to March 1, 1967 and for which the corporation is presently liable shall be paid by the Sellers.
4. All taxes and claims against the corporation which have accrued or may be claimed to have accrued since March 1, 1967 shall be paid by the corporation, especially any taxes and/or claims involving the operations of the corporation for which Marion E. Kolakowski or Mary Z. Kolakowski may be personally liable.
5. To guarantee payment by the corporation of any claims specified in the preceding paragraph the corporation shall deposit with Anthony DiSorbo of 1713 Broadway, Schenectady, New York, the sum of Seven Thousand Dollars (\$7,000.00) in escrow to be held by him until December 31, 1971 for the following purposes:
 - a. To pay any claims against the corporation specified in paragraph 3 above in the event the corporation fails to pay the same.

NO. 100-100000-100

NO. 100-100000-100



DEFENDANT'S EXHIBIT E - Agreement.

b. To keep invested in a Savings Account in the Mohawk National Bank, Schenectady, New York, until December 31, 1971 when the balance of said account and all accumulations thereon shall be returned to the corporation.

c. Annually to give an accounting to the Buyer of said escrow fund and if required by him, exhibit evidence to the Buyer of the balance in said account.

d. To perform such services without charge unless the escrow agent is called upon to pay a claim or claims against the corporation.

e. The duties of such escrow agent shall apply to and bind his personal representatives and assigns.

6. The Sellers agree to resign their positions as directors and officers of the corporation on or before December 15, 1968.

IN WITNESS WHEREOF the parties have hereunto set their hands and seals the day and year first above written.

Marion E. Kolarowski I.S.
Marion E. Kolarowski

Mary Z. Kolarowski I.S.
Mary Z. Kolarowski

W. Baldwin Drons I.S.
W. Baldwin Drons

STATE OF NEW YORK :
ss
COUNTY OF SARATOGA:

On this 1st day of November, 1968, before me, personally came MARION E. KOLAROWSKI, MARY Z. KOLAROWSKI and W. BALDWIN DRONS to me personally known and known to me to be the same persons described in and who executed the within Instrument and they duly acknowledged to me that they executed the same.

Notary Public

The undersigned does hereby acknowledge receipt of the sum of Seven Thousand Dollars (\$7,000.00) from Prestige Realty of the Capitol District Corporation to be held by him in escrow for the faithful performance of the obligations of the corporation specified in the above agreement.

Dated:

Anthony DiSorbo
Anthony DiSorbo

CLERK OF DISTRICT COURT MINUTES.

Albany, N.Y., November 26, 1975
Hon. James T. Foley, Presiding
Clerk: Horan
Steno: McGloine

9:45 A.M. Court meets

Trial Continued

United States of America
vs

75-CR-47

✓ W. Baldwin Droms

Mr. DeLorenzo sums up for the Deft
Mr. O'Sullivan sums up for the Pltf

Short recess

11:45 A.M. Judge Foley charges the jury

12:25 P.M. The jury retires in charge of two sworn officers to
consider their verdict

2:15 P.M. The jury comes in to court and says they find the
defendant Guilty. Jury is polled. Unanimous verdict.

2:25 P.M. The jury is excused until Tuesday, December 2, at 9:30 A.M.

Mr. DeLorenzo moves to set aside the verdict Denied
Mr. DeLorenzo moves for judgment of acquittal. Denied
Mr. O'Sullivan moves for sentencing.
Presentence investigation ordered. Sentence deferred without date.
Defendant is released on own recognizance

Court stands in recess until Monday, December 1, at 10:00 A.M.

Affidavit of Service

Records and Briefs
For State and Federal Courts
Established 1881

313 Montgomery Street
Syracuse, New York 13202
(315) 422-4805

Russell D. Hay/President
Everett J. Rea/General Manager

Spaulding Law Printing

December 20, 1976

Re **United States of America vs. W. Baldwin Droms**

State of New York)
County of Onondaga ss.:
City of Syracuse)

EVERETT J. REA,

Being duly sworn, deposes and says: That he is associated with Spaulding Law
Printing Co. of Syracuse, New York, and is over twenty-one years of age.

That at the request of **Paul V. French, U.S. Attorney for Northern District of New York,**

Attorney ☒ for **Appellee,**

☒ He personally served three (2) copies of the printed ☐ Record ☐ Brief ☒ Appendix
of the above entitled case addressed to:

THOMAS E. DE LORENZO, ESQ.
Parisi, DeLorenzo, Gordon and Pasquariello, P.C.
Attorneys at Law
201 Nott Terrace
Schenectady, New York 12307

☒ By depositing true copies of the same securely wrapped in a postpaid wrapper in a
Post Office maintained by the United States Government in the City of Syracuse, New York, on

December 20, 1976.

☐ By hand delivery

Everett J. Rea
EVERETT J. REA

Sworn to before me this **20th** day of **December, 1976.**

Donald C. Quinn
Notary Public
Commissioner of Deeds

cc: Paul V. French, Esq.